ECONOMIC OUTLOOK 2014-15

NORTHWEST TERRITORIES

The Economic Review and Outlook examines future prospects and reviews trends over the past five years

Northwest Territories Industry, Tourism and Investment

INVESTMENT AND ECONOMIC ANALYSIS

ACRONYMS AND ABBREVIATIONS

ITI - *Industry Tourism and Investment*
BDIC - *Business Development and Investment Corporation*
NWT - *Northwest Territories*
GNWT - *Government of the Northwest Territories*
OECD - *Organization for Economic Cooperation and Development*
GDP - *Gross Domestic Product*
Real Numbers - *Adjusted for price changes*
Territories - *Yukon, NWT and Nunavut*
Chained GDP - *Removes the impact of price changes on production value over time. Like return on investment, chained GDP strips away inflation to provide a real rate of return. All "chained" numbers provided are in 2007 dollars.*

Bill Braden

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MINISTER'S MESSAGE

Mineral investment is at the forefront of economic growth for the Northwest Territories, with significant exploration interest brewing in the Sahtu, Beaufort and Fort Liard regions.

A fourth diamond mine, Gahcho Kué, has been approved for development, and gold exploration has seen an up-turn in recent years. This recovery comes in light of declining production at our current diamond mines and at the Norman Wells oilfield, which slowed growth in the past five years. Despite this, significant commitments to needed infrastructure have opened the door to improving that state. The Inuvik-Tuktoyaktuk Highway will open new access to the Beaufort Sea and Arctic Ocean's petroleum resources, and the recent completion of the Deh Cho Bridge eliminated a major supply bottleneck in the North Slave region, with expected positive impacts on retail and wholesale trade.

Tourism has shown renewed growth, especially from East Asia. Over the past winter, we received a record number of visitors from Japan and China, with that amount expected to grow as our Territory continues to market itself as a prime Aurora viewing destination. Recent completion of the Economic Opportunities Strategy provides us with a blueprint for economic growth for the next decade, as we continue to work with our partners on an implementation strategy to bring its recommendations to fruition.

Honourable David Ramsay
Minister of Industry, Tourism and Investment
Government of the Northwest Territories

ECONOMIC OUTLOOK

In general, the NWT economy will go through a few years of limited growth, followed by a period of strong performance, stimulated by the development of De Beers' Gahcho Kué mine and new metal mines. As noted by the Conference Board of Canada, the NWT's moderate and stable growth forecast masks some underlying changes in the territory's economy.

> *The territory's existing mining operations—which include a tungsten mine, three diamond mines, and oil-producing fields—have long passed peak production and will see lower levels of output as projects draw nearer to their end, putting downward pressure on bottom-line GDP growth. However, a new diamond mine and three new metal mines are expected to begin operations this decade. Energy companies are in the early stages of potentially unlocking the Canol shale oil play. And the territorial government, armed with the powers given it under the latest phase of devolution, will have more financial resources with which to address the needs of the NWT and its people.*
>
> *But over the next five years, employment is expected to grow by almost 2,400 workers. And with new mines advancing through the construction phase and starting production, and the government investing in new infrastructure, real GDP growth will improve. From 2016 through 2019, the territorial economy is forecast to grow at an average pace of just over seven per cent per year. The robust economic prospects, combined with the devolution of control over natural resources from the federal to the territorial government (as of April 1, 2014), will result in a long string of budget surpluses for the territory.* (Conference Board forecast spring 2014)

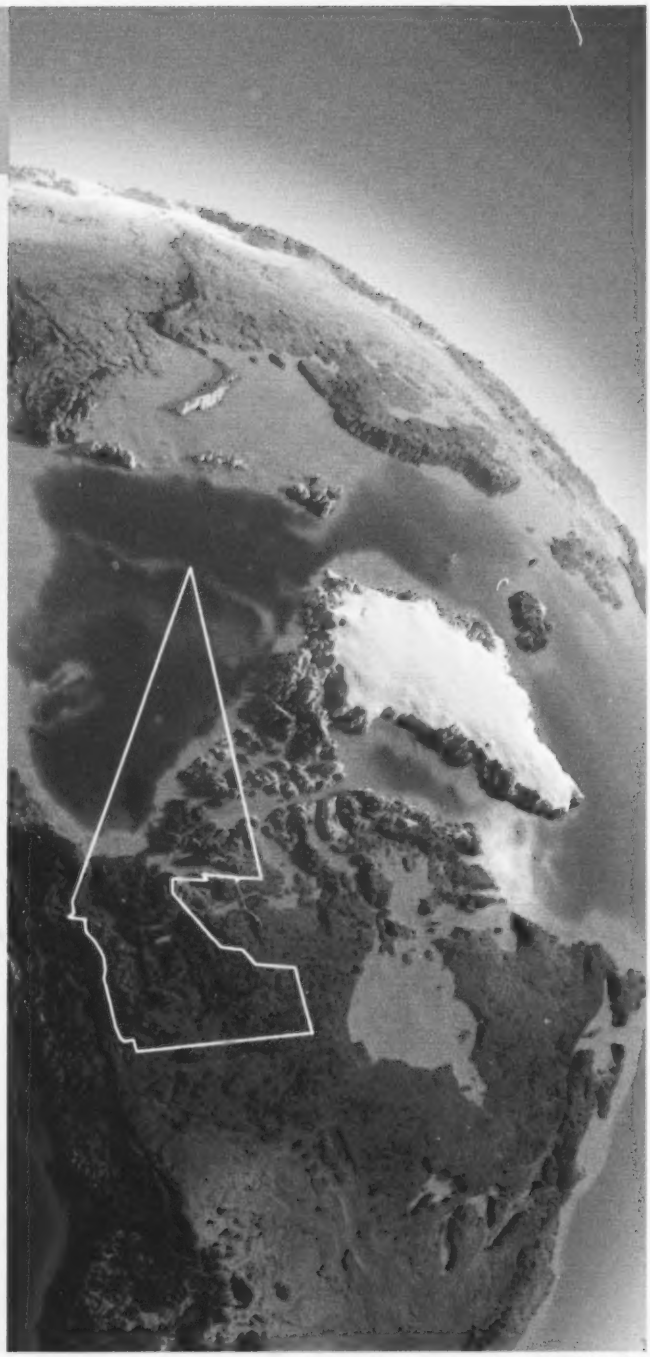
Other factors favouring improved economic performance include:

- Positive world economic climate will have positive impacts on NWT investment, commodity prices and tourism
- Low interest monetary policy in Canada will benefit the NWT through a lower dollar and lower capital costs
- New mining projects will invigorate the NWT economy, creating new labour demand as well as in-migration
- Devolution is a game changer and will become the major factor in attracting new investment

The NWT and Canada need to address challenges in infrastructure, labour availability, an aging workforce, high cost of living, high freight costs and reliance on worker tourists.

Interesting FACTS

- The NWT has the highest per capita GDP in North America
- The NWT is the world's third largest diamond producer by value
- Yellowknife is on a similar longitude to Los Angeles; Inuvik is further west than Victoria
- July temperatures in Yellowknife are similar to Edmonton or Vancouver
- Hay River is the most northern rail head in North America
- The NWT has 2,200 kilometres of all-weather roads and 2,100 kilometres of ice roads
- The series premiere of Ice Road Truckers, filmed in the NWT, was seen by 3.4 million viewers to become the most-watched original telecast in the History Channel's 12-year history
- Yellowknife is closer to Beijing than Vancouver and closer to Frankfurt than Toronto



Map by Dan Westman

Key Economic Changes Between 2007 and 2012

Population - The population had zero growth between 2007 and 2012. However, the population is aging; with 10 per cent growth in the over 45 age group. There was little change in urbanization.

Business Indicators - Despite limited population growth, retail trade continued to show strength. Wholesale trade also grew, largely in response to new investment. While overall tourism sales remained static, there was significant growth (58 per cent) in Aurora tourism spending as visitation numbers have reached new record highs.

Population over the past five years

0%	+ 10%	- 6%	+ 3%
% Change in NWT Population	% Change in Over 45 Years Elders	% Change in Under 15 Years Youth	% Change Small Community Population

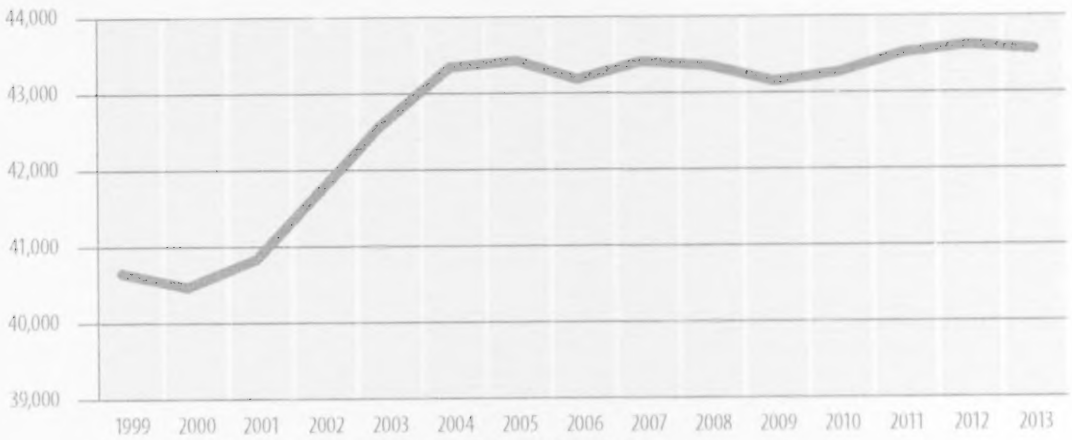
Business indicators over the past five years

+ 17%	+ 9%	- 3%	+ 58%
Retail Trade	Wholesale Trade	Total Tourism Spending	Aurora Tourism Spending

Source: Shutterstock

POPULATION

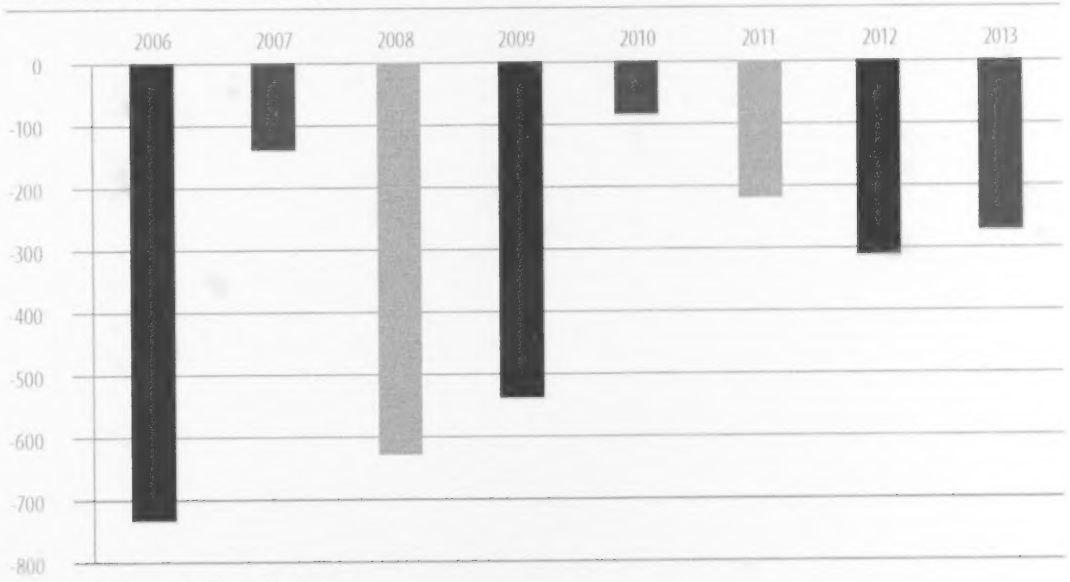
Population



Source: Statistics Canada CANSIM Table 051-0001 Estimates of population

Between 1999 and 2013 the NWT population increased by seven per cent with most growth occurring between 2000 and 2004. Since 2004, population growth has been the lowest in Western Canada.

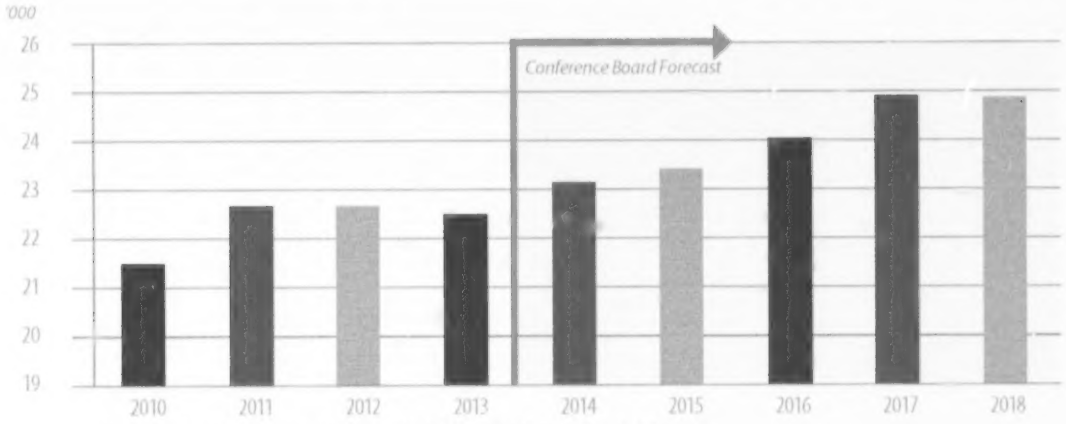
Net Inter-provincial Migration Since 2006



Source: NWT Bureau of Statistics

The NWT has lost 2,916 residents to migration since 2006, a majority of these people moved to Alberta.

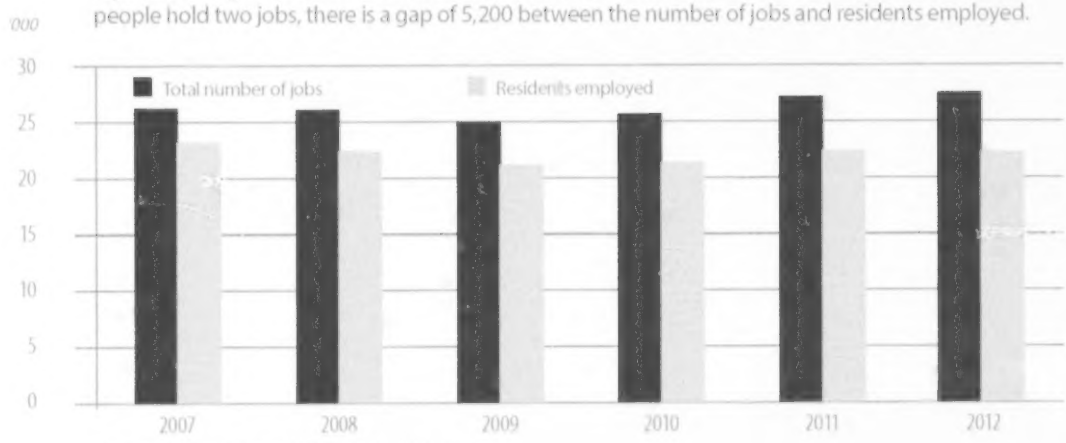
Resident Employment (Thousands)



Source: Statistics Canada CANSIM Table 282-0055 and Conference Board of Canada

Non Resident Workers

In 2012, an estimated 27,905 workers were employed. By comparison, the number of residents who reported being employed over the same year was significantly lower at 22,700. While a number of people hold two jobs, there is a gap of 5,200 between the number of jobs and residents employed.



Source: Statistics Canada CANSIM Table 282-0055

FORECAST
25,000
Resident employment by 2018

The Conference Board of Canada predicts resident employment should reach 25,000 by 2018. Employment will be driven by the development of the new Gahcho Kué diamond mine and new metal mines.

GDP - A Measure of Income, Spending and Industry

Gross domestic product (GDP) is one of the primary indicators used to gauge economic health. It can be measured in three ways, with each method providing different insights into economic performance:

By Expenditure - The most common method of measuring GDP is by expenditure. This approach adds all expenditures made on final goods and services in a single year, including household expenditures, investment, government expenditures, and net exports.

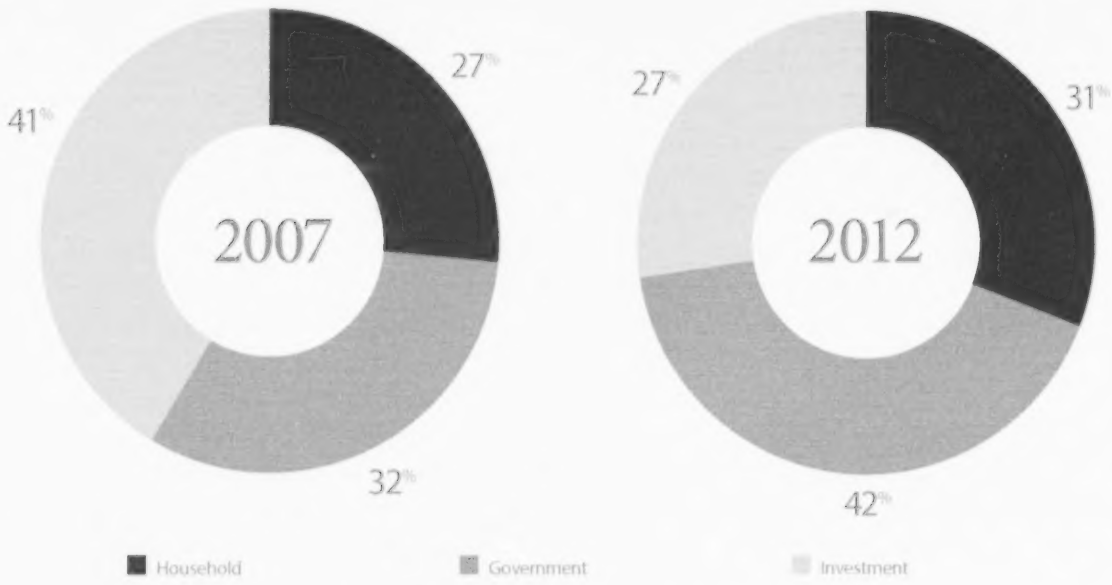
By Income - Another way to measure GDP is to add up total income earned in the NWT. This includes compensation of employees, gross operating surplus (profits), gross mixed income plus taxes. The total is then adjusted for taxes less subsidies on production and imports.

By Industry - This measure provides information for current economic analysis from an industry point of view. It provides an alternate measure of total economic activity by industry and provides a supplement to the income and expenditure-based estimates. GDP by industry is normally measured in "basic prices" which are adjusted for price changes. The most recent estimates are adjusted to 2007 prices.

Source: Diavik Diamond Mines

GDP BY EXPENDITURE

GDP By Expenditure - Percentage



The two charts plot the distribution of GDP by expenditure in 2007 and 2012; detailed information can be found in the table below. Over the five years, the major change was in gross fixed capital formation (investment), which declined from $2 billion to $1.3 billion, and government expenditures, which increased from $1.5 billion in 2007 to $2 billion in 2012.

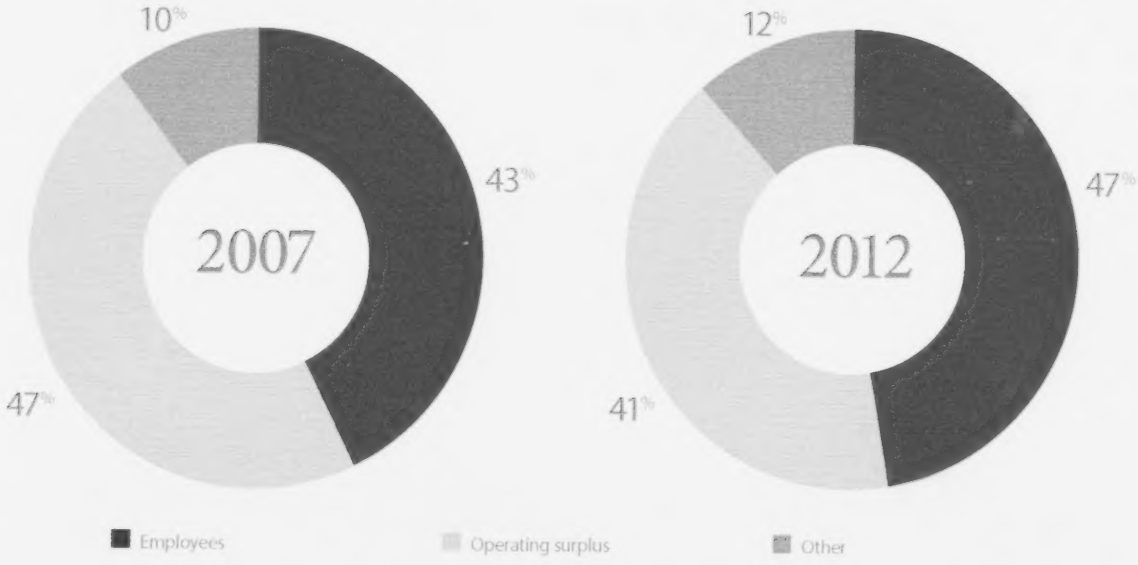
GDP by Expenditure Market Value ($ Millions)

Estimates	2007	2008	2009	2010	2011	2012
Household consumption	1,264	1,325	1,330	1,370	1,434	1,484
Governments expenditure	1,535	1,627	1,762	1,865	1,957	2,006
Gross fixed capital formation	1,976	1,644	1,154	1,253	1,091	1,316
Exports of goods and services	3,131	3,582	2,686	3,324	3,404	3,058
Less: imports of goods and services	3,208	3,190	2,984	3,166	3,284	3,426
Other	-61	27	72	141	116	237
Gross domestic product at market prices	**4,637**	**5,015**	**4,020**	**4,787**	**4,718**	**4,675**

Source: Statistics Canada CANSIM - Table 384-0038 Gross domestic product, expenditure-based, provincial and territorial, annual (dollars x 1,000,000).

GDP BY INCOME

GDP By Income - Percentage



The two charts plot the distribution of GDP by income source in 2007 and 2012; detailed information can be found in the table below. Over these five years, the net surplus of corporations (a proxy for profits) has shrunk from 47 per cent of GDP to 41 per cent. At the same time, compensation to employees (largely wages and salaries) increased from 43 per cent to 47 per cent of GDP. Part of this increase in wages is associated with growth in public employment.

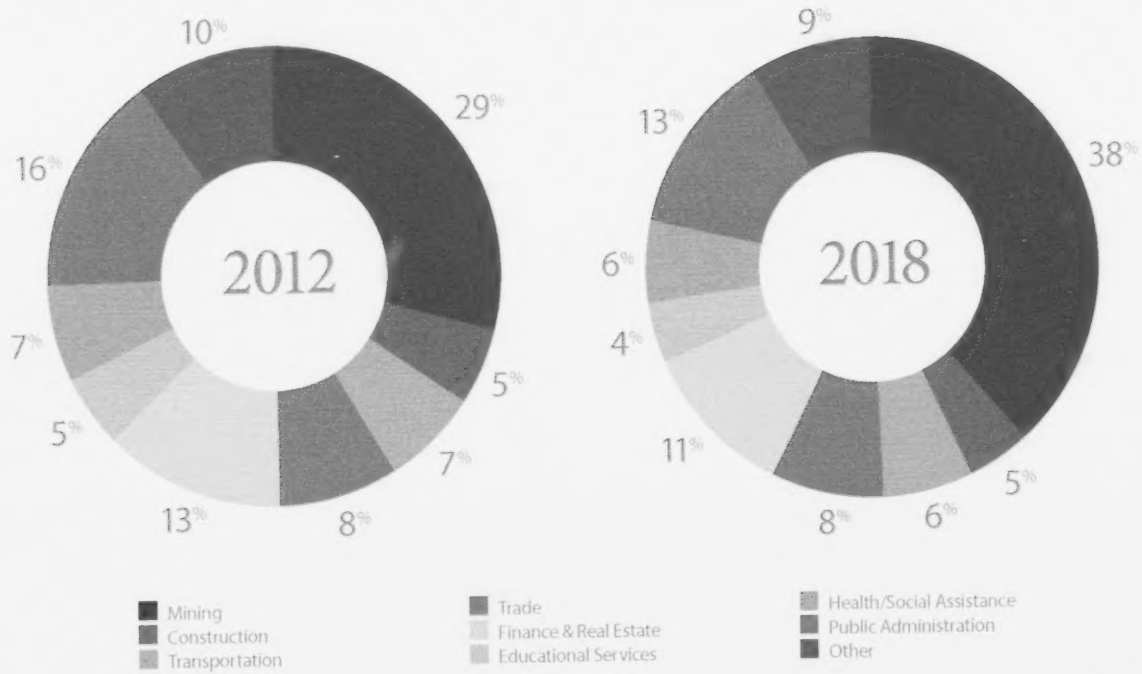
GDP by Income Source - Market Value ($ Millions)

Estimates	2007	2008	2009	2010	2011
Compensation of employees	1,981	2,057	1,943	2,007	2,109
Gross operating surplus	2,173	2,475	1,593	2,277	2,060
Gross mixed income	265	274	288	298	319
Taxes less subsidies on production	70	72	79	82	86
Taxes less subsidies on products and imports	125	115	104	114	131
Statistical discrepancy	23	22	13	9	13
Gross domestic product at market prices	**4,637**	**5,015**	**4,020**	**4,787**	**4,718**

Source: Statistics Canada CANSIM - Table 384-0037 Gross domestic product, income-based, provincial and territorial, annual (dollars x 1,000,000)

PROJECTED GDP CHANGE BY INDUSTRY

GDP By Industry - Percentage



The two charts plot the distribution of GDP by industry in 2012 and 2018; more detailed information can be found in the table below. Over this period, the Conference Board of Canada predicts significant growth in mining, and industries which support mining development, such as trade.

Projected GDP Growth 2012 to 2018 ($ Millions)

GROSS DOMESTIC PRODUCT AT BASIC PRICES BY INDUSTRY ($2007; MILLIONS)							
	2012	2013	2014	2015	2016	2017	2018
GDP	3,470	3,529	3,589	3,657	3,879	4,358	4,548
Mining	1,006	1,015	969	972	1,128	1,568	1,747
Construction	188	202	245	262	270	236	206
Transportation	240	239	244	252	265	285	292
Trade	294	283	292	302	322	353	365
Finance & Real Estate	448	459	469	477	487	496	505
Educational Services	178	183	187	188	190	191	192
Health/Social Assistance	236	244	250	253	256	259	262
Public Administration	540	552	569	580	583	583	584
Other	341	352	363	371	378	386	393

Source: Statistics Canada CANSIM - Table 379-0028 and Conference Board of Canada

REAL GDP (2007 DOLLARS)

With the development of new mines, infrastructure, tourism and renewed interest in oil and gas, the NWT is set to return to record growth.

$4.1
BILLION
IN 2008
Declines in mineral, oil and natural gas prices have a negative impact on growth - mines close for four or more months during economic downturn.
$3.7
BILLION
IN 2010
$3.5
BILLION
IN 2012
Aging mines and a closure of the Enbridge pipeline due to a spill significantly reduced oil exports in 2011. Production fell from 955 thousand cubic meters in 2010 to 680 thousand cubic meters in 2011.

ECONOMY HITS NEW HIGHS BY 2018

$4.4 BILLION IN 2018

New metal mines come into production, further boosting exports and economic growth.

$3.9 BILLION IN 2016

Production from the Gahcho Kué mine starts to positively impact exports and economic growth.

$3.6 BILLION IN 2014

Increased investment in infrastructure and mining projects - especially Gahcho Kué and the Tuktoyaktuk - Inuvik Highway. Mineral investment in the NWT hits new record highs.

EXPORTS AND TRADE

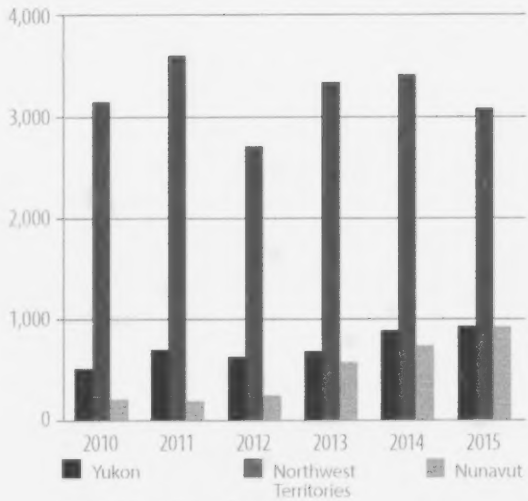
NWT and Territorial Exports ($ Millions)

The NWT economy has always depended on trade starting with the fur trade. Today per capita exports are $71,000 per year; by far the highest in Canada where the national average is $26,000.

Overall, NWT exports are three times that of the Yukon or Nunavut. Diamonds are the major NWT export, followed by oil and tourism. Diamonds add almost $2 billion to Canada's trade surplus.

Oil from Norman Wells, one of Canada's largest conventional oil fields, is mainly exported to the United States through the Alberta pipeline grid.

Exports from the NWT declined during the world economic downturn, but have since recovered. Future exports are projected to increase to a record $4 billion by 2016.



Source: NWT Bureau of Statistics

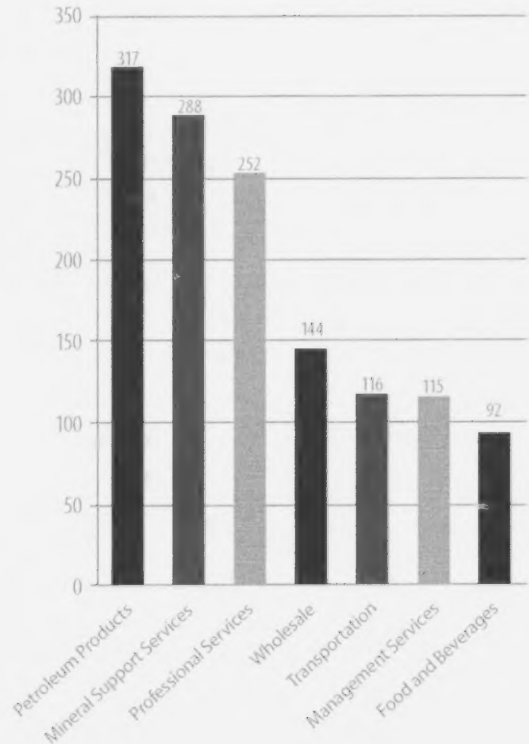
NWT Imports from Provinces ($ Millions)

Displacing imports provides significant opportunities for NWT businesses. For example, heating fuel can be replaced with local biomass or local natural gas. Since total petroleum imports exceed $300 million, this is an opportunity worth investigating.

Another significant import is mining services. In 2010, over $288 million in mineral support services were imported. By comparison, the Yukon imported $8 million in mining support services.

Another opportunity is professional services; $252 million in professional services were imported from other regions of Canada. This includes consultants, accountants, engineers, and dentists. Attracting these services to the NWT would add significant sales and employment to the economy.

Source: Statistics Canada CANSIM Table 386-0003 Provincial input-output tables



INVESTMENT BY INDUSTRY

Investment and Repair Expenditures

INDUSTRY	$ MILLIONS					
	2008	2009	2010	2011	2012	Growth
Total Capital and Repair	1808	1420	1578	1523	1689	-119
Mining/Oil/Natural Gas	1110	723	x	821	1022	-88
Utilities	33	28	41	50	61	28
Construction	112	26	43	27	35	-77
Wholesale	14	5	6	x	8	-6
Retail	12	22	14	17	20	9
Transportation	164	186	99	88	132	-32
Real Estate and Rental	33	x	40	43	13	-20
Professional	5	4	9	6	3	-2
Other Services	3	2	8	13	5	3
Public Admin.	180	209	296	255	231	51
Housing	71	78	94	88	85	14

X - Data suppressed by Statistics Canada

Source: NWT Bureau of Statistics

FACT

$38,800

Per Capita Investment 2012

Investment is a measure of confidence in the economy. If businesses see future growth and opportunity, they will invest in new plants and equipment. Overall investment has declined seven per cent over five years, but is expected to recover with the development of the Gahcho Kué mine, new metal mines and new investment in public infrastructure.

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Major Projects in Advanced Planning or Development

Over the next decade a number of projects are planned for the NWT. Together these projects represent more than $4.5 billion in new investment.

1. Gahcho Kué (De Beer's and Mountain Province Diamonds) $650 million
2. Development of the Jay Pipe (Dominion Diamonds Ekati Mine) $500 + million
3. Nechalacho mine site investment (Avalon Rare Metals) $550 million
4. NICO (Fortune Minerals) $226 million
5. Prairie Creek (Canada Zinc) $195 million
6. Oil and Gas Offshore in excess of $2 billion
7. Sahtu Oil and Gas - $45 million per well
8. Inuvik – Tuktoyaktuk Highway approximately $299 million
9. Fibre Optic link from Inuvik to the North American Grid $60 million

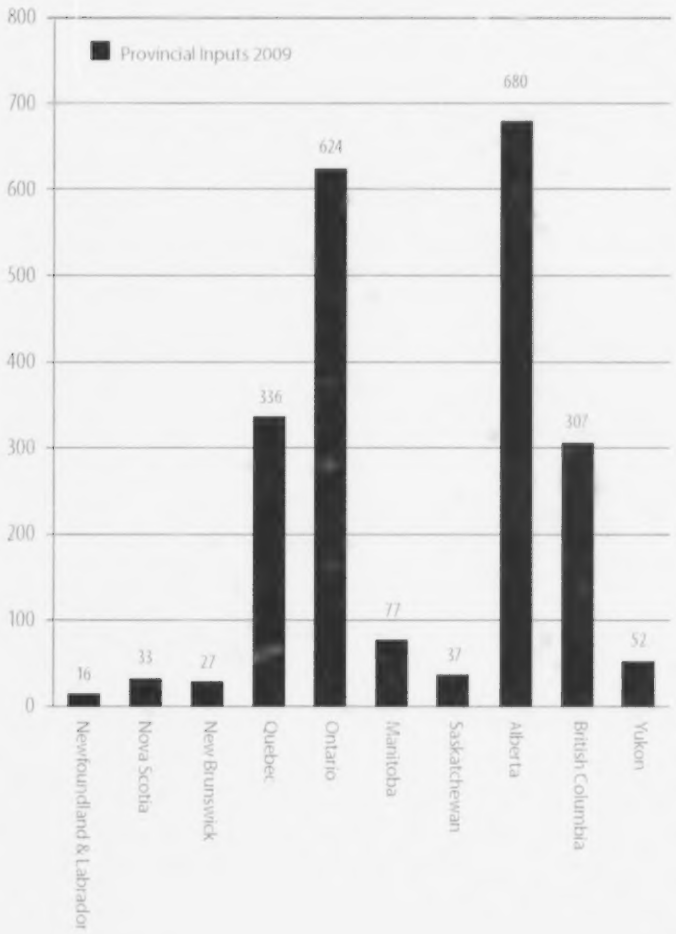
FACT

$4.5 billion in future planned investment

Over the next decade a number of projects are planned for the NWT. Together these projects represent over $4.5 billion in new investment.

$2.2 BILLION IMPORTED FROM ALL PROVINCES	$680 MILLION IMPORTED FROM ALBERTA	$624 MILLION IMPORTED FROM ONTARIO

Imports into the NWT By Province ($ Millions)



Information on trade between provinces is available from input/output tables. These are developed periodically by Statistics Canada; the latest year available being 2009.

The NWT represents a major market for Alberta, Ontario and Quebec. Imports from Alberta were $680 million, followed by Ontario at $624 million and Quebec at $336 million. NWT trade is also important to British Columbia ($307 million).

These numbers exclude wages earned by provincial residents working in the NWT, which represent another $500 million in imports, mainly from Alberta.

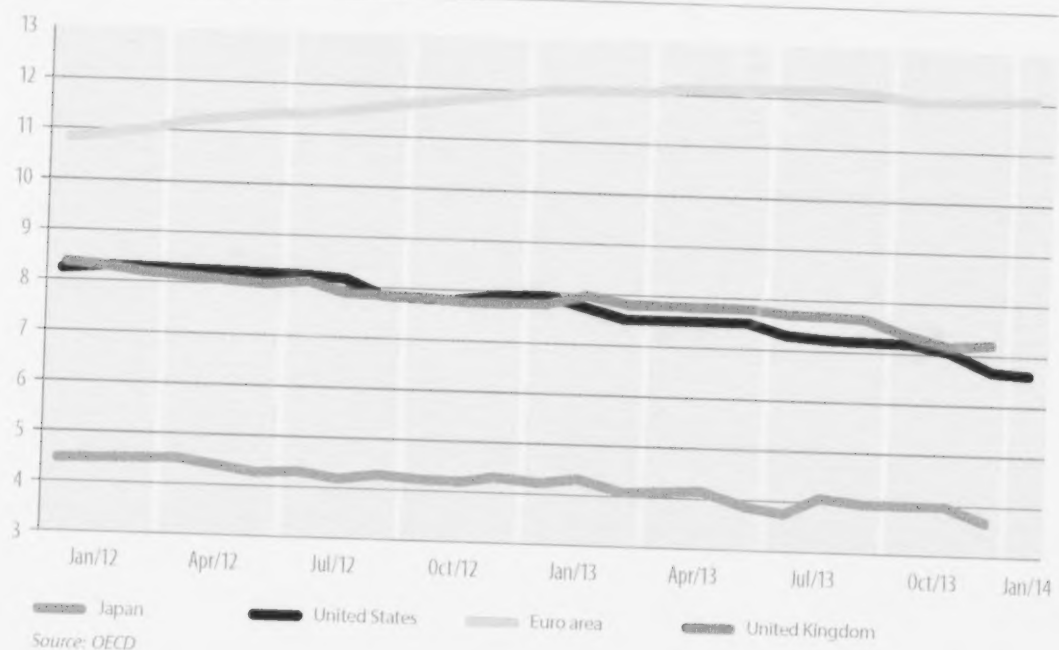
With a significant number of new investments planned for the NWT, there will be significant benefits to southern Canada. Planned new capital investment for 2013 is estimated at $1.1 billion.

Source: Statistics Canada CANSIM Table 386-0003 Provincial input-output tables

World Markets and Demand for NWT Goods and Services

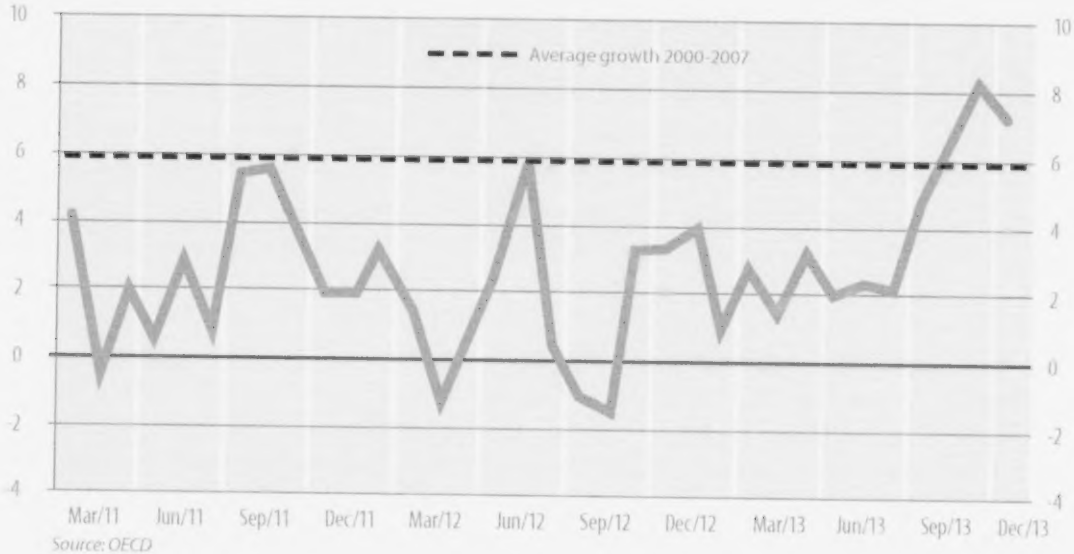
The NWT's future growth cannot be assessed in isolation. Almost all NWT exports, including tourism, depend on foreign sales. NWT diamonds are exported to Europe, and from there to factories and stores around the world. Canadian fiscal and monetary policy can have a significant impact on capital and profits. Investments in the NWT are often large; per capita investment averages almost $30,000. The Organization on Economic Cooperation and Development (OECD) maintains a database of world economic trends. Falling unemployment rates in the US, Japan and the UK bodes well for consumer confidence and the growing demand for goods. This will have a positive impact on commodity prices and spending on "luxury goods" like aurora vacations, furs, diamonds, and gold – commodities that are exported from the NWT.

Unemployment Trends in Key Industrial Nations



Source: OECD

World Trade Volumes - Percentage Change



Source: OECD

Another positive indicator for the NWT economy is growing world trade volumes. Recent OECD projections indicate strong growth in world trade volumes after years of sluggish growth. This should stimulate higher commodity demand leading to new resource investment in the NWT.

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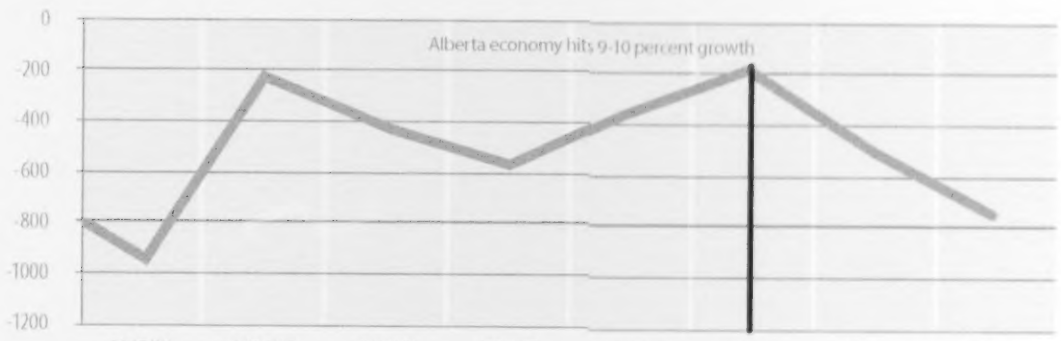
Canadian Impacts on the NWT Economy

Export economies like the NWT, with high levels of capitalization, benefit from a lower dollar and lower interest rates. Most analysts predict overnight interest rates will remain at one per cent through 2014, and increase to 1.75 per cent in 2015.

Growth in other provinces impacts the NWT's ability to attract labour. High growth in Alberta is a draw for NWT residents and workers and makes it more difficult to attract migrants.

Major banks including the Royal Bank of Canada and the Toronto Dominion Bank, are predicting that the Alberta economy will continue to benefit from massive resource investment. Over the coming years, Alberta's population growth is expected to be the highest in 30 years.

Net Migration from the NWT to Alberta



Source: T D Bank and NWT Bureau of Statistics

When the Alberta economy started to reach record levels of growth in 2009/2010, the NWT started to experience negative net migration. In 2010, 2011 and 2012 – Alberta's economy grew nine per cent, 10 per cent and five per cent respectively. The NWT's annual net loss of residents to migration grew from 179 to 743 residents a year.

Alberta and Saskatchewan's record growth is also making it more difficult to attract workers from other regions of Canada. The NWT is in direct competition with these jurisdictions for skilled labour.

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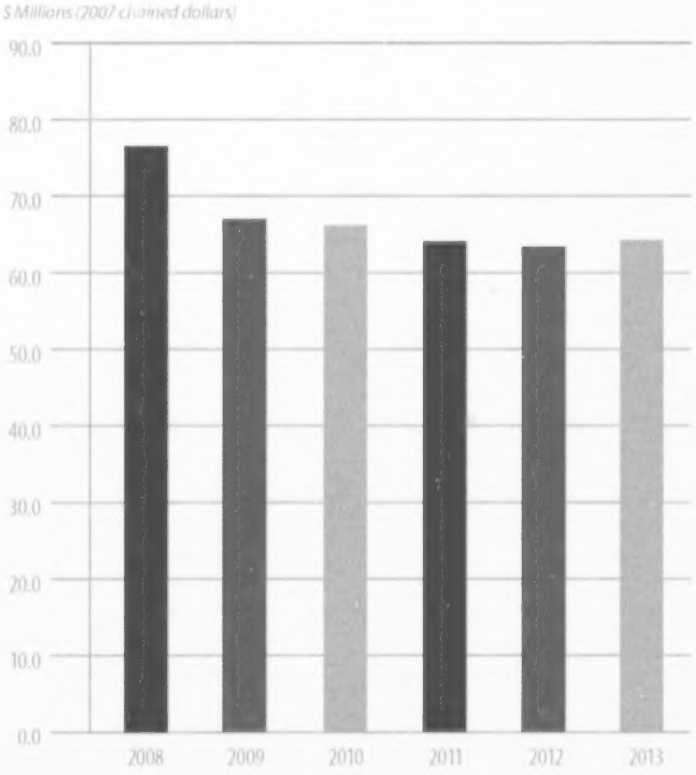
ACCOMMODATION & FOOD SERVICES

Accommodation and Food Services - Contribution to GDP

This sector comprises establishments primarily providing short-term lodging and complementary services to travellers, vacationers and others, in facilities such as hotels, resorts, motels, bed and breakfast accommodations, housekeeping cottages and cabins, recreational vehicle parks and campgrounds, hunting and fishing camps, and various types of recreational and adventure camps. This sector also comprises establishments primarily engaged in preparing meals, snacks and beverages to customer orders for immediate consumption on and off the premises.

Conference Board Forecast
The Conference Board of Canada forecasts that accommodations and food services will increase by eight per cent between 2013 and 2018. This industry has upside potential with growth in tourism and business travel.



Source: NWT Bureau of Statistics

Accommodation and Food Services - Percentage of GDP

Accommodation and food services accounts for around two per cent of the NWT's GDP and is projected to grow from $63 million to $69 million. The industry could be positively impacted by increased tourism or investment.

Accommodation and Food Services
Source: NWT Bureau of Statistics

Agriculture - Quality Local Food at Reasonable Cost

Agriculture in the NWT is a small but emerging sector of the economy. Motivated by high food costs, positive contributions to lifestyles, local product diversity, and increased awareness of nutritional values, participation in local food production is increasing in most, if not all, communities in the NWT. Ranging from small community gardens to commercial greenhouses, regulated egg production and harvesting of "wild" edibles, the local food production sector has grown dramatically over the past decade. The agriculture sector generates approximately $8-10 million in income per annum in the NWT. The industry can be divided into three categories:

- Small scale production
- Commercial agriculture
- Commercial harvesting

Small Scale Community Producers

Community and market gardens are best characterized as small commercial-oriented operations. These gardens often reduce reliance on imported foods in a community and/or region. Gardens operate on a seasonal basis and plot sizes range from approximately ¼ acre to 10 acres.

Commercial Agriculture

Commercial agriculture is currently limited to the production of eggs. Plans are under way to expand agriculture through the development of a new agriculture strategy. The marketing of eggs in Canada has been regulated under the Federal Agricultural Products Marketing Act since 1973. The NWT formally entered the regulated egg marketing industry on March 25, 1999.

As of October 2013, a federally certified grading station is operational in Hay River. NWT producers marketed just over three million dozen eggs in 2013 from this facility. Eggs produced in Hay River can now be found on grocery shelves throughout the NWT.

Commercial Harvesting

Harvesting of natural resources in the NWT extends well beyond fish, caribou, bison and muskox. Mushrooms, berries, syrup, herbs and plants for medicinal purposes are only a few of the many examples of food products available in abundance throughout the NWT for either local consumption, or for commercial trade.

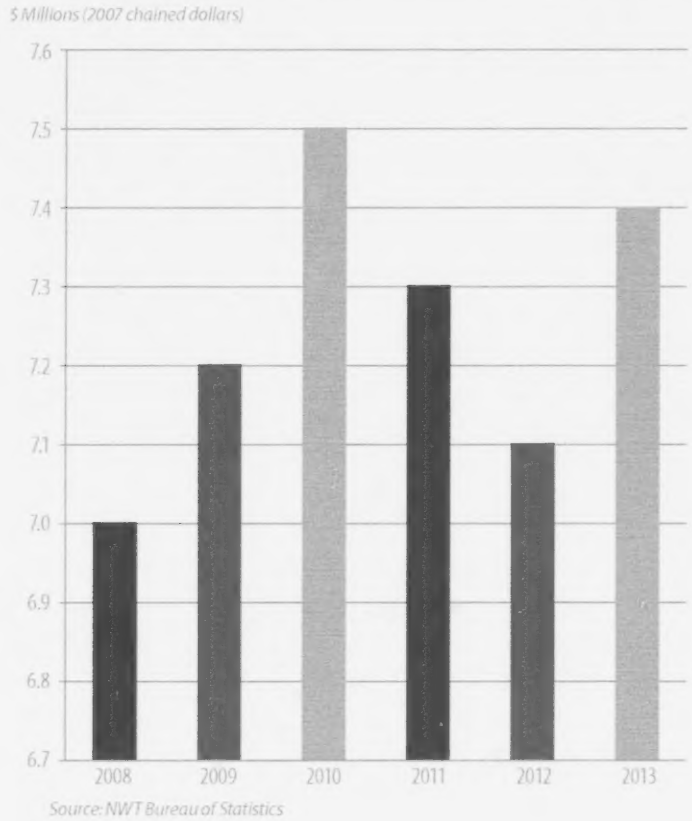
Muskox

The muskox harvest on Banks Island provides an important source of income and employment to residents in the community of Sachs Harbour. The harvest produces several thousand pounds of meat and qiviut; a highly prized fibre used in knitting and weaving.

Spruce Tip Seasoning / ITI

ARTS, ENTERTAINMENT AND RECREATION

Arts, Entertainment and Recreation - Contribution to GDP



Source: NWT Bureau of Statistics

This sector comprises establishments primarily engaged in operating facilities or providing services to meet the cultural interests of their patrons. These establishments produce, promote or participate in live performances, events or exhibits intended for public viewing. They provide the artistic, creative and technical skills necessary for the production of artistic products and live performances, as well as preserve and exhibit objects and sites of historical, cultural or educational interest.

The arts, entertainment and recreation industry contributes seven million dollars to GDP in the NWT.

Conference Board Forecast
According to the Conference Board of Canada, the arts, entertainment and recreation industry is expected to grow by seven per cent between 2013 and 2018.

Arts, Entertainment and Recreation - Percentage of GDP

Currently, the arts, entertainment and recreation industry accounts for less than one per cent of the NWT's GDP, but is an important source of income for many households in the territory. The industry also holds significant importance for culture preservation.

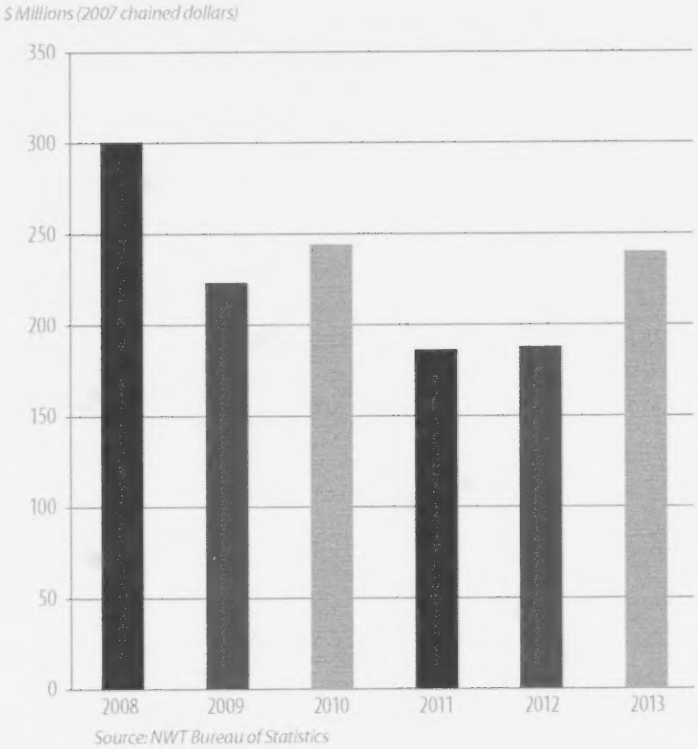
Arts, Entertainment and Recreation

Source: NWT Bureau of Statistics

Top: Dene Cultural Institute Hay River / Dan Westman
Bottom left: Shopping for NWT Art / Bill Braden
Bottom right: Shutterstock

CONSTRUCTION

Construction - Contribution to GDP



Source: NWT Bureau of Statistics

This sector comprises establishments primarily engaged in constructing, repairing and renovating buildings and engineering works, and in subdividing and developing land. These establishments may operate on their own account or under contract to other establishments or property owners. They may produce complete projects or just parts of projects. Establishments may produce new construction, or undertake repairs and renovations to existing structures.

Forecast

Between 2013 and 2018 the industry will experience a period of rapid growth paralleling new mine development. As these projects end, the industry is expected to return to 2011 - 2012 levels.

Construction - Percentage of GDP

Currently, construction accounts for seven per cent of the NWT's GDP, and is critical for the development of infrastructure supporting the development of other industries.

Construction

Source: NWT Bureau of Statistics

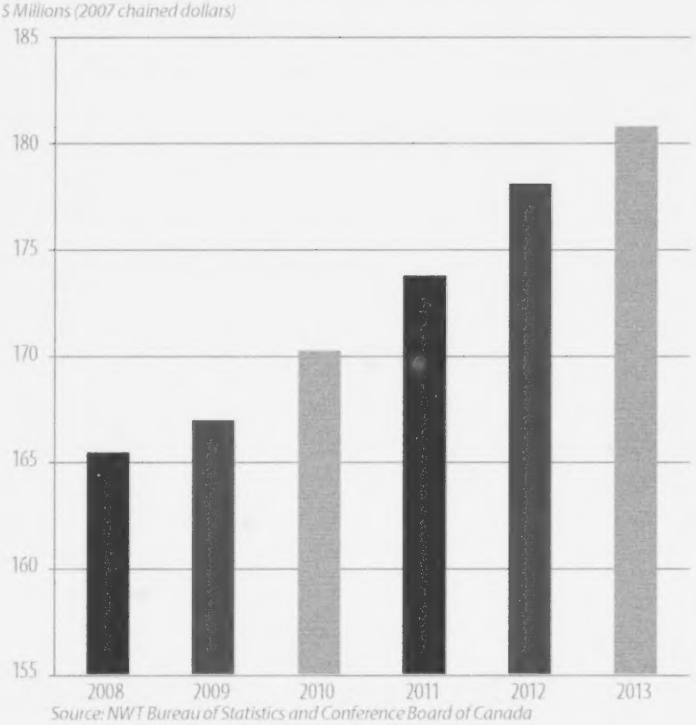
Shutterstock

EDUCATION SERVICES

Education Services - Contribution to GDP

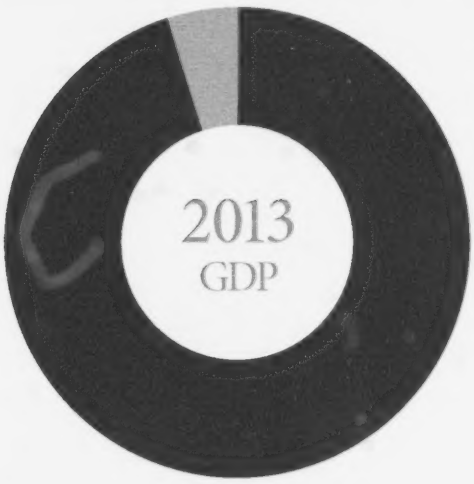
This sector comprises establishments primarily engaged in providing instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities and training centres. These establishments may be privately owned and operated, either for profit or not, or they may be publicly owned and operated. They may also offer food and accommodation services to their students.

Conference Board Forecast
Between 2013 and 2018, the Conference Board of Canada predicts this industry will grow by six per cent.



Source: NWT Bureau of Statistics and Conference Board of Canada

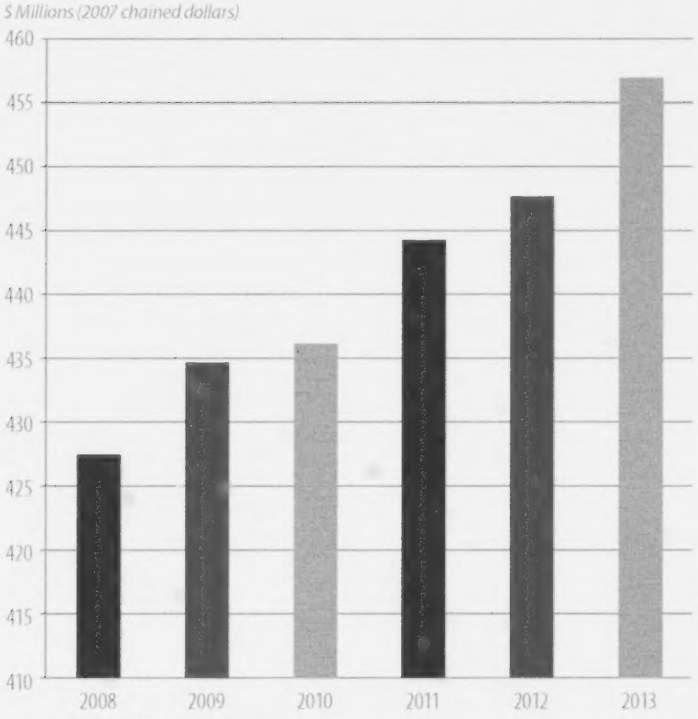
Education Services - Percentage of GDP



Education services currently represents over five per cent of the NWT's GDP. Over the next five years the industry will not grow as fast as the economy.

Education Services
Source: NWT Bureau of Statistics

Finance, Real Estate and Insurance - Contribution to GDP



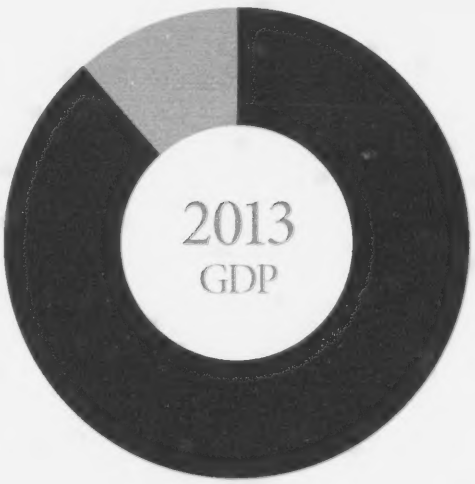
Source: NWT Bureau of Statistics

Finance, real estate and insurance is a significant sector within the economy. It includes establishments primarily engaged in financial transactions or in facilitating financial transactions. It also includes renting, leasing or otherwise allowing the use of tangible or intangible assets. These establishments are primarily engaged in managing real estate for others. Selling, renting and/or buying of real estate for others and appraising real estate are also included.

Conference Board Forecast
Between 2013 and 2018 the Conference Board of Canada predicts this industry will grow by approximately 11 per cent.

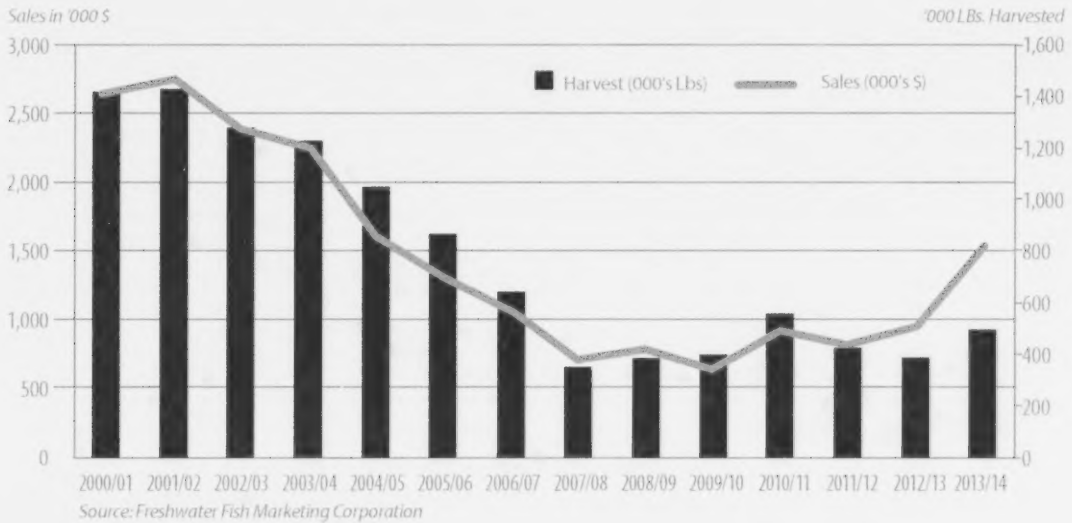
Finance, Real Estate and Insurance - Percentage of GDP

Future growth looks positive, stimulated by growth in population associated with the development of new mines and businesses that support the mining industry. Currently, the industry accounts for around 13 per cent of total GDP.



Finance, Real Estate & Insurance
Source: NWT Bureau of Statistics

Commercial Freshwater Fish Harvest and Sales



Source: Freshwater Fish Marketing Corporation

Production from the commercial freshwater fish industry has been steadily declining since its peak in 2001/02 when it was valued at $1.5 million.

In 2013/14 however, the industry experienced an increase in sales of 61 per cent over the previous year and was valued at $817,000.

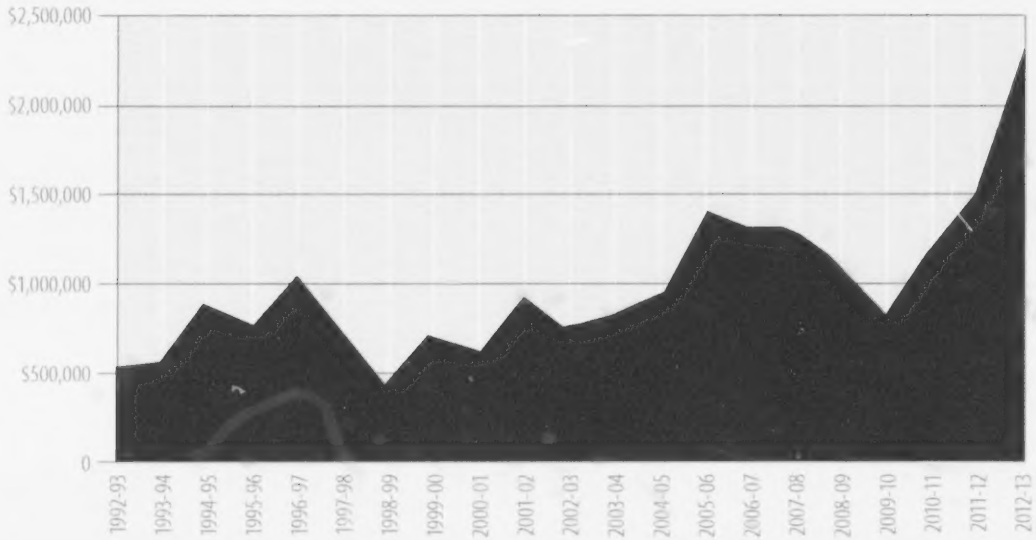
The NWT supplies approximately one per cent of Canadian freshwater fish. Whitefish is commercially harvested from Great Slave Lake and makes up 81 per cent of the lake's total harvest. Whitefish volumes have increased over recent lows.

Quality Canadian fish can command a premium price. For example, one Manitoba company ships packaged fillets from its Minnesota warehouse throughout North America. These fillets are high quality and immediately processed and frozen to ensure freshness. They are wrapped in plastic and shipped in dry ice.

These fish are sold in three, six, nine and 11 pound boxes. The price for an 11 pound box of fillets is $135 US plus shipping. This compares to the average price paid to fishers in the NWT of less than $1 Canadian per pound.

Shutterstock

Annual NWT Fur Sales



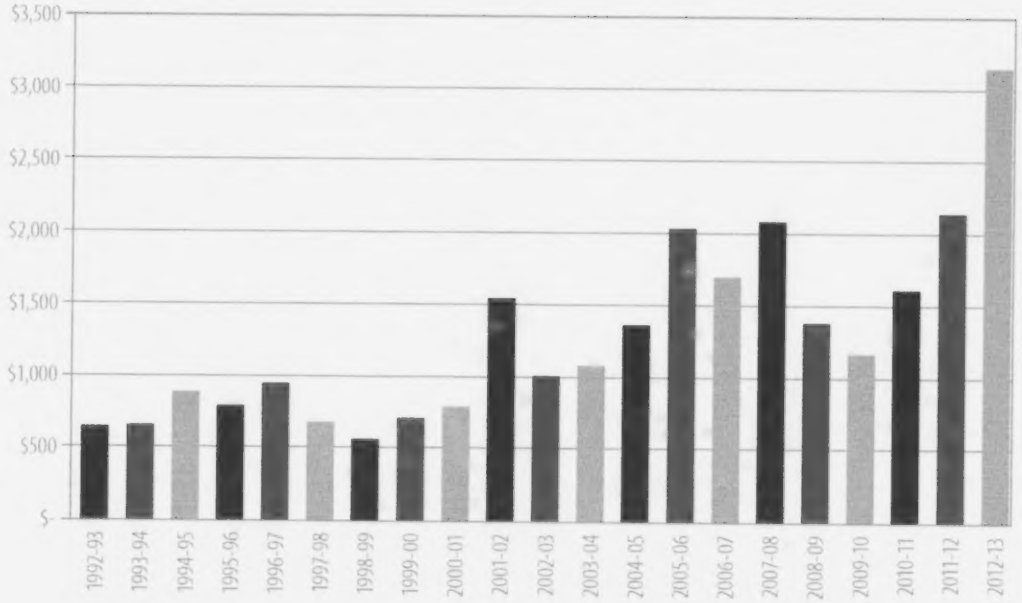
Source: GNWT ITI

Trapping provides income and enables Aboriginal people to continue a lifestyle that has been a tradition in the north for thousands of years. Resource management is carried out in partnership with trappers, local wildlife management boards and government. All harvesting is monitored and analyzed to ensure a healthy fur bearer population is sustained. Trapping occurs in the coldest months when fur is prime to ensure only top quality pelts are marketed. Prime means that the fur has reached its maximum length, density, and texture.

As an internationally traded commodity, pelt values fluctuate

Take a Kid Trapping / TEAF ITI

Average Annual Trapper Incomes



Source: GNWT ITI

due to supply (harvest) and demand. Demand is mainly driven by economic conditions and fashion. Over the past five years, demand from emerging economies such as China and Russia has driven fur prices higher.

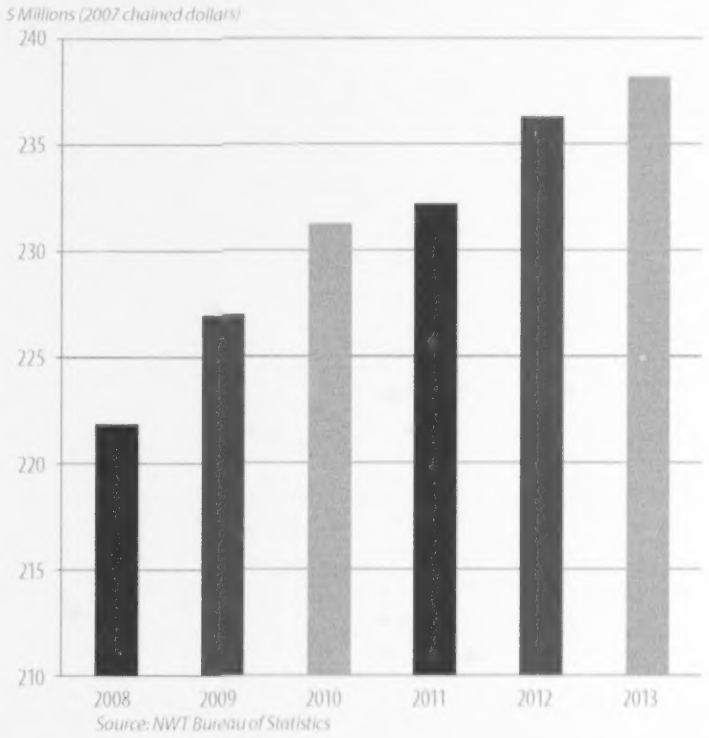
All fur bearing species are harvested in compliance with the International Agreement on Humane Trapping Standards. The NWT has implemented these standards and enforces the use of certified humane traps. Wildlife resources are not only an important part of our northern ecosystems, they are also an essential part of the cultural and economic well-being of northern residents.

Lynx / Shutterstock

Health Care and Social Services - Contribution to GDP

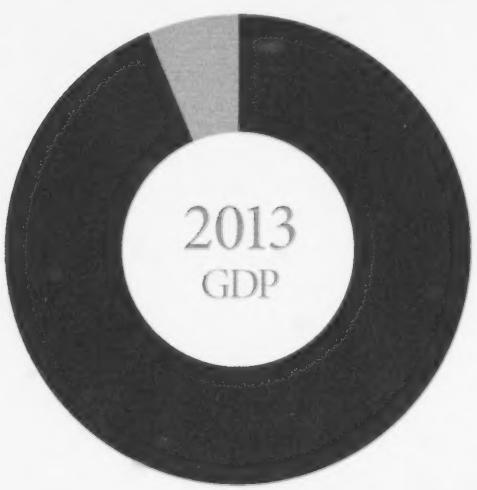
This sector comprises establishments primarily engaged in providing health care, providing residential care for medical and social reasons, and providing social assistance such as counseling, welfare, child protection, community housing and food services. Sub-sectors include; ambulatory health care services, hospitals, nursing and residential care facilities and social assistance.

Conference Board Forecast
The Conference Board of Canada has forecast that health care and social services will increase in value by approximately 10 per cent between 2013 and 2018.



Source: NWT Bureau of Statistics

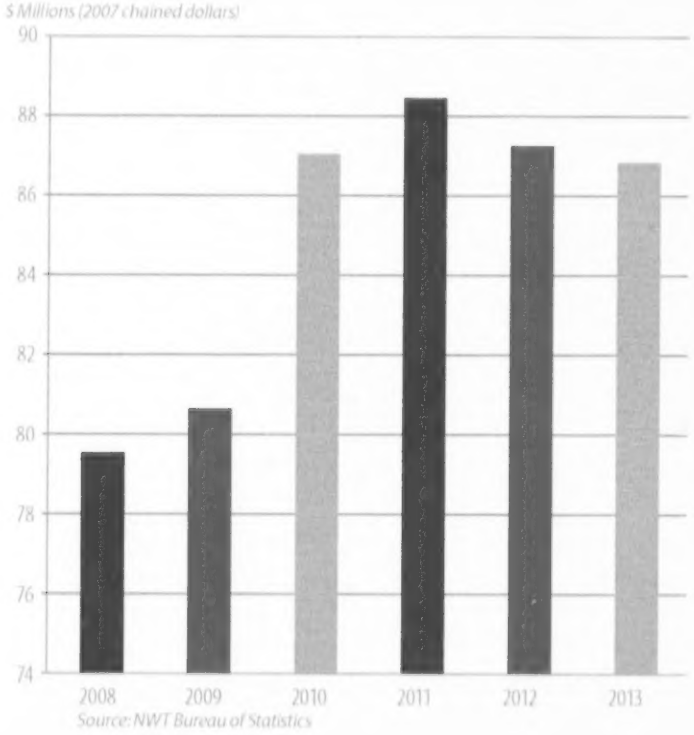
Health Care and Social Services - Percentage of GDP



Currently, health care and social services accounts for around seven per cent of total GDP in the NWT. The industry GDP contribution is expected to reach $262 million by 2018. Its share of total GDP is expected to remain around seven per cent of the NWT total.

Health Care and Social Services
Source: NWT Bureau of Statistics

Information and Culture - Contribution to GDP



Source: NWT Bureau of Statistics

This sector comprises establishments primarily engaged in producing and distributing (except by wholesale and retail methods) information and cultural products. Establishments providing the means to transmit or distribute these products or providing access to equipment and expertise for processing data are also included.

The unique characteristics of information and cultural products, and of the processes involved in their production and distribution, distinguish this sector from the goods-producing and services-producing sectors.

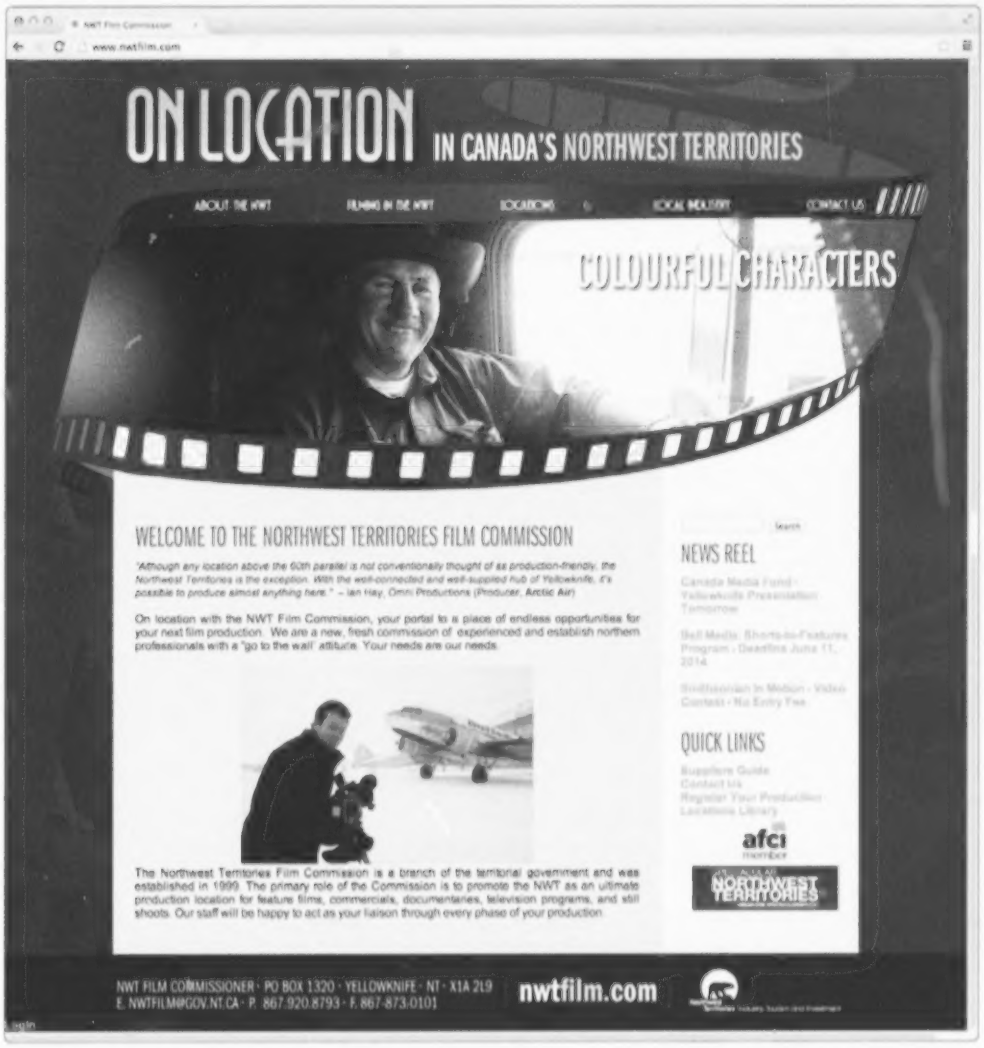
Conference Board Forecast
The Conference Board of Canada forecasts that the information and culture industry will grow by approximately eight per cent between 2013 and 2018.

Information and Culture - Percentage of GDP

The information and culture industry accounts for approximately two per cent of the NWT's GDP.

Information and Culture

Source: NWT Bureau of Statistics

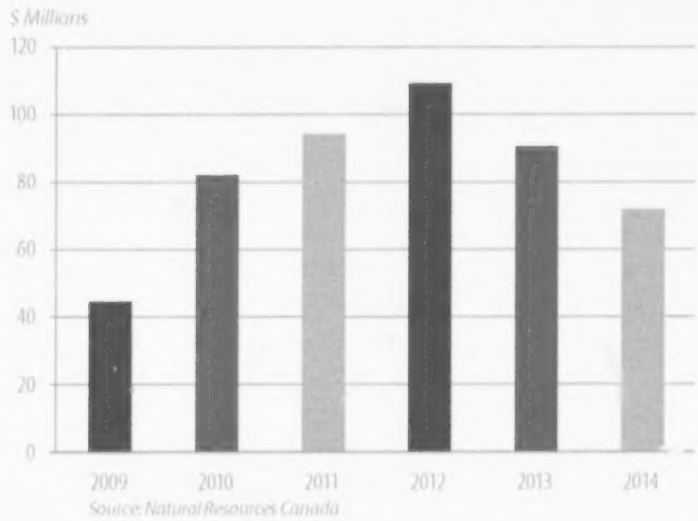

www.nwtfilm.com
ON LOCATION IN CANADA'S NORTHWEST TERRITORIES
ABOUT THE NWT
FILMING IN THE NWT
LOCATIONS
LOCAL INDUSTRY
CONTACT US
COLOURFUL CHARACTERS
WELCOME TO THE NORTHWEST TERRITORIES FILM COMMISSION
"Although any location above the 60th parallel is not conventionally thought of as production-friendly, the Northwest Territories is the exception. With the well-connected and well-supplied hub of Yellowknife, it's possible to produce almost anything here." – Ian Hay, Omni Productions (Producer, Arctic Air)
On location with the NWT Film Commission, your portal to a place of endless opportunities for your next film production. We are a new, fresh commission of experienced and establish northern professionals with a "go to the wall" attitude. Your needs are our needs.
The Northwest Territories Film Commission is a branch of the territorial government and was established in 1999. The primary role of the Commission is to promote the NWT as an ultimate production location for feature films, commercials, documentaries, television programs, and still shoots. Our staff will be happy to act as your liaison through every phase of your production.
NEWS REEL
QUICK LINKS
afci
NORTHWEST TERRITORIES
NWT FILM COMMISSIONER · PO BOX 1320 · YELLOWKNIFE · NT · X1A 2L9
E. NWTFILM@GOV.NT.CA · P. 867.920.8793 · F. 867.873.0101
nwtfilm.com

Film in the Northwest Territories

The NWT Film Commission has its own website along with incentive programs to promote local productions in film and media. Film, video, and digital media are the centre of a growing and dynamic industry in the NWT. Participation from local residents and businesses is increasing and there are a number of projects currently in production. Experienced television and film professionals are also available to offer services and expertise to visiting production companies.

While statistics on the NWT film industry are limited, the information and cultural industries contribute close to $90 million to GDP annually. Film productions alone contribute over $5 million in wages and over 100 people are employed full time in the film and media arts.

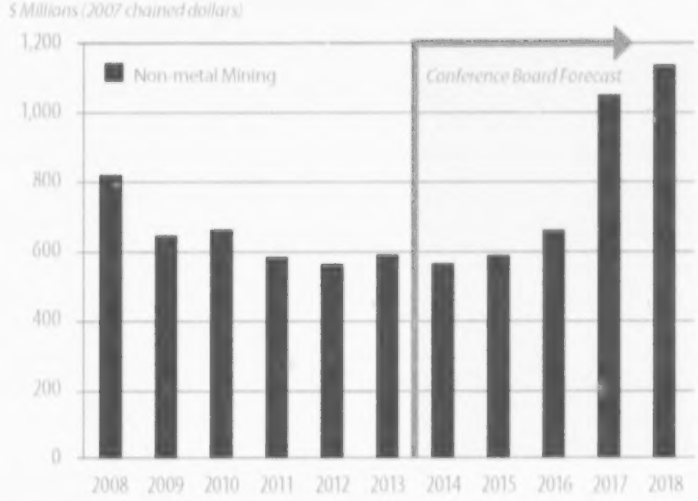
Mineral Exploration and Deposit Expenditures



Source: Natural Resources Canada

Mineral exploration expenditures are expected to continue to decline in 2014, to $72 million from $90 million in 2013. The potential of the NWT is vast, and largely unexplored.

Diamond Mining - Contribution to GDP

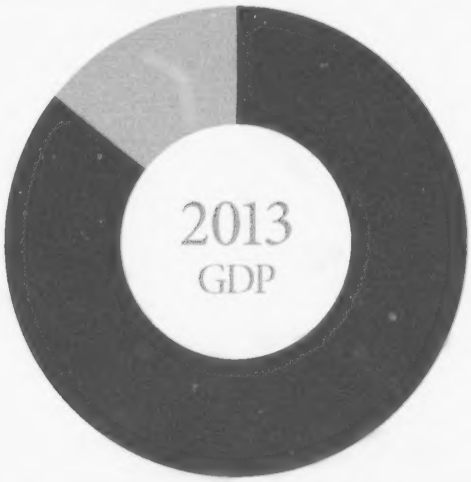


Source: NWT Bureau of Statistics and Conference Board of Canada's Territorial Outlook Spring 2014

The NWT is a major producer of high quality, and high value diamonds. There are currently three producing diamond mines with a fourth expected to enter into production in 2017.

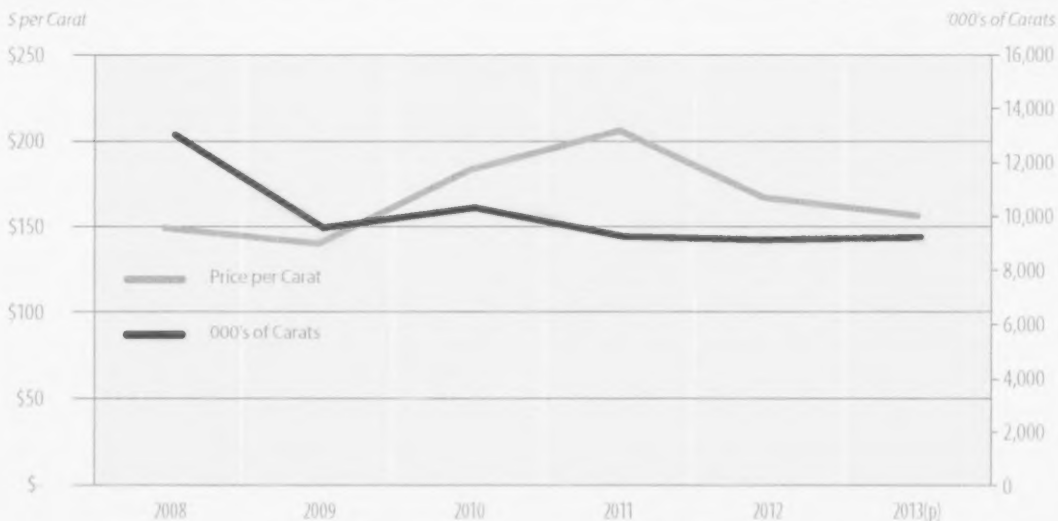
Diamond Mining - Percentage of GDP

Currently, diamond mining accounts for approximately 17 per cent of the NWT's GDP. Looking forward to 2018, diamond mining is projected to increase significantly with its share growing to 31 per cent.



Diamond Mining
Source: NWT Bureau of Statistics

Diamonds - Changes in NWT Prices and Production

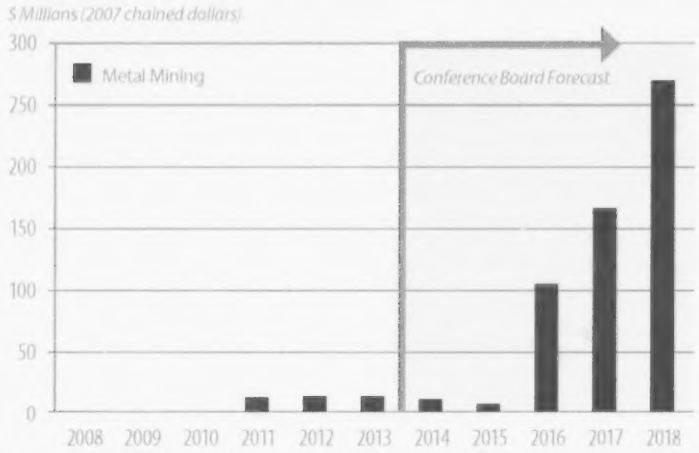


Source: Sead.nrcan.gc.ca/prod-prod/ann-ann-eng.aspx (p=preliminary)

Average prices for NWT diamonds declined over 2008/09 in parallel with the world economic downturn. Prices recovered the following year and reached a new high in 2011. However, this was short lived as prices declined through 2012 and 2013.

However, price declines did not impact sales as much as decreasing production. Between 2008 and 2013, annual production declined from 13.7 million carats to 9.9 million carats.

Metal Mining - Contribution to GDP



Source: NWT Bureau of Statistics and Conference Board of Canada's Territorial Outlook Spring 2014

The projections for 2013 to 2018 are provided by the Conference Board of Canada. The projections include significant growth for metal mining. As many as five new mines have the potential to enter production by the end of the decade.

Resurgence of Metal Mining

In its projections for the NWT, the Conference Board assumes *"most metal ore prices are expected to remain high when compared to where they have been for most of the past 20 years, and many of the proposed mining projects are still viable under current economic and pricing conditions. Three new metal ore mining projects were included in this forecast. As a result, the mining sector is projected to experience robust growth.*

Production at the Cantung tungsten mine, NWT's only metal-producing mine, rose in fiscal 2013. The owners continue to invest in capital improvements aimed at boosting production during the upcoming year and extending the mine life to 2015.

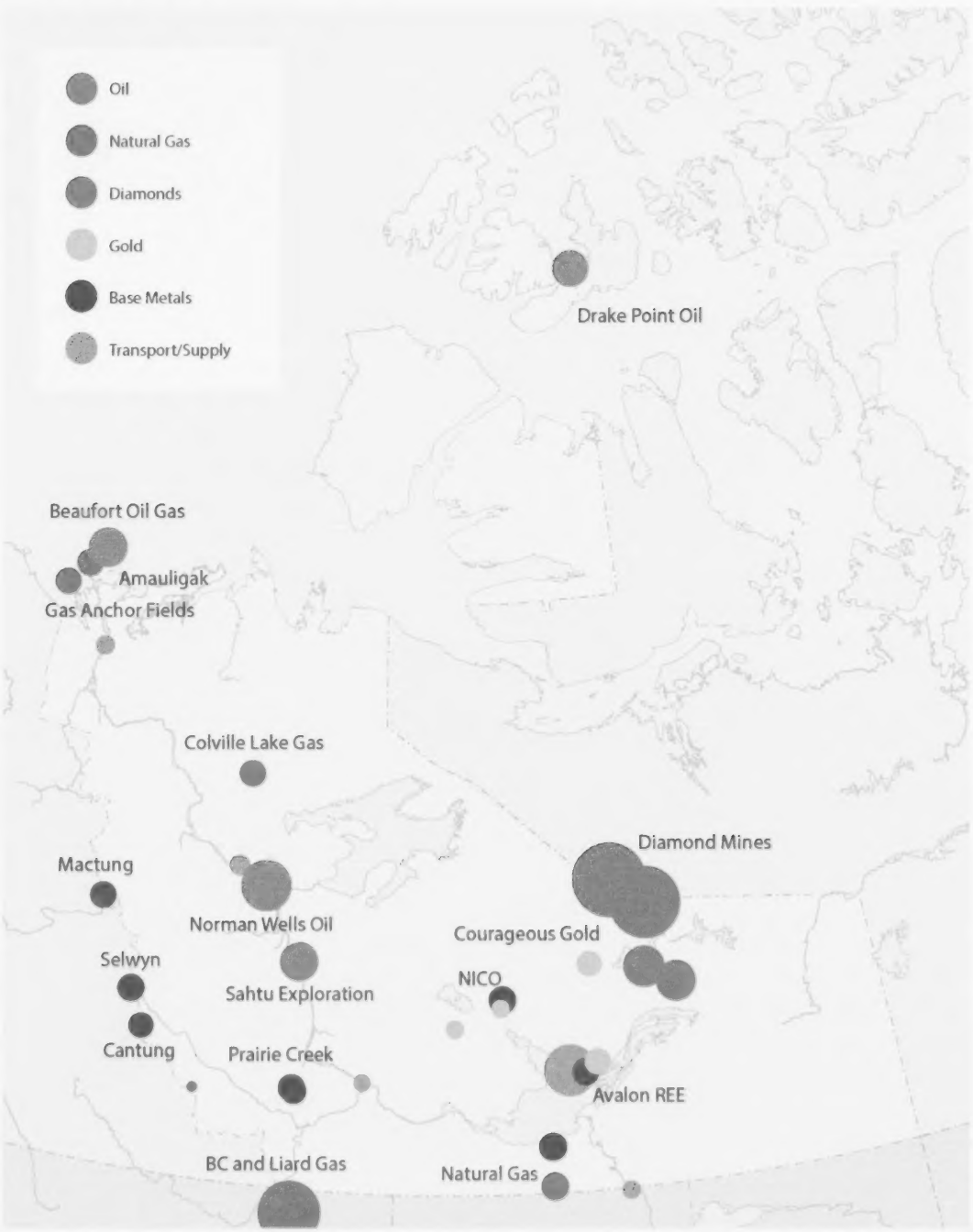
Canadian Zinc's Prairie Creek project will likely be the next new metal mine to operate in the territory, producing zinc, silver, and lead. The owners have had all the permits needed to advance the project in their hands since last fall. This year, the company is undertaking optimization, geotechnical and metallurgical studies in order to reduce initial development and operating costs and shorten the development schedule. The company is beginning procurement and site engineering, and it expects to begin construction of the access road and site preparation and other start-up activities this summer. With a relatively small capital development budget of $193 million (including a $33 million contingency), the project is expected to be in production in 2016.

Fortune Minerals hopes to start developing the NICO mine in 2014 and begin production in late 2016 or early 2017. The company received an interim land use permit this year to conduct site preparation, in anticipation of construction of the project.

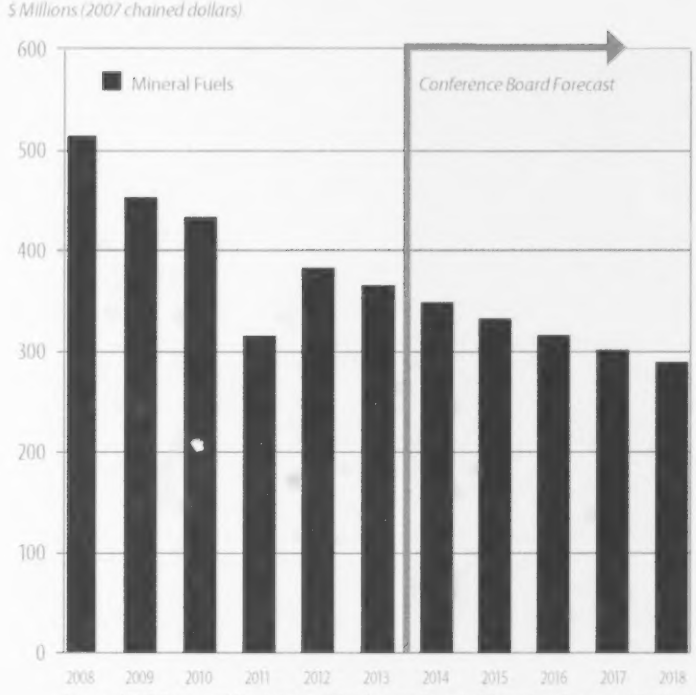
The third new metal mine project included in the forecast is Avalon's Nechalacho rare earth project. It is one of the world's largest undeveloped heavy rare earth elements (REE) projects."

Source: Conference Board of Canada

NWT Resources



Oil and Gas - Contribution to GDP



Source: NWT Bureau of Statistics and Conference Board of Canada 's Territorial Outlook Spring 2014

The oil and gas industry comprises establishments primarily engaged in the exploration for, and/or production of, petroleum or natural gas from wells in which the hydrocarbons will initially flow or can be produced using normal pumping techniques.

Conference Board Forecast
Oil and gas exploration will likely gain momentum over the next decade. However, exploration activity shows up in other industries; oil and gas only measures production. Between 2013 and 2018 the Conference Board of Canada predicts that oil and gas will decrease as existing exports from Norman Wells declines.

Oil and Gas - Percentage of GDP

The Conference Board of Canada projections shown above assumes that no new wells will be developed in the NWT. Mineral fuels account for approximately nine per cent of the NWT's GDP, but as existing wells and infrastructure ages, its share is expected to decline.

Oil and Gas

Source: NWT Bureau of Statistics

Oil and Gas - Positive Outlook

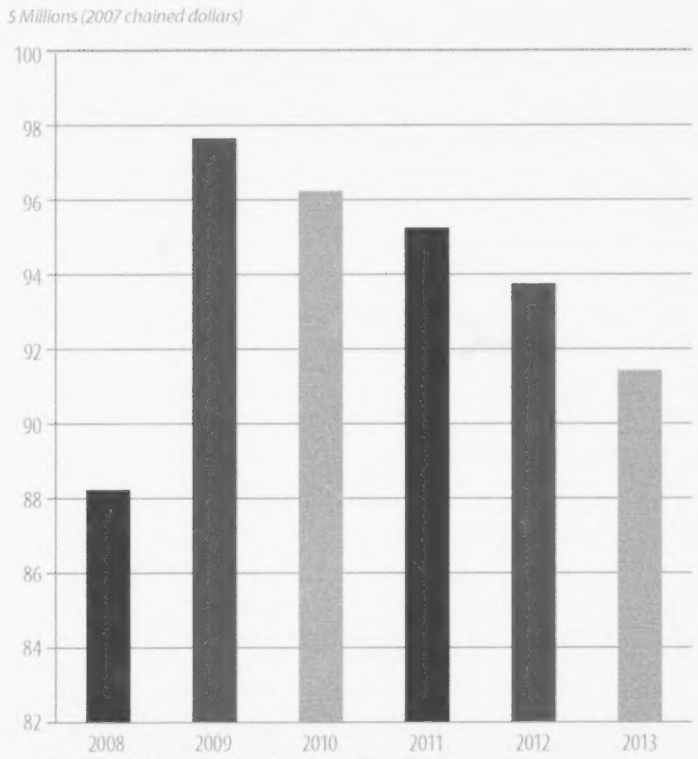
ConocoPhillips Canada Resources Corporation (ConocoPhillips) announced in June 2012 that it intended to undertake a three-year study to evaluate if commercial development of the Amauligak field (estimated to contain up to 250 million barrels of oil and 1.5 trillion cubic feet of natural gas) is possible and if so, to identify an appropriate development concept.

The outcome of the study may lead to additional phases in the project planning process. A decision on whether to move to the next planning phase could be made by the end of 2014. Subject to the successful conclusion of all phases and regulatory approvals, construction could begin between 2019 and 2022 and production could occur between 2022 and 2025. Amauligak is the largest oil and gas field in the Mackenzie Delta and Beaufort Sea areas. It lies approximately 31 miles offshore in shallow water. During 2013, ConocoPhillips conducted consultation sessions with appropriate governments, regulatory agencies and communities. ConocoPhillips has undertaken another round of consultations with Delta communities.

Oil and Gas Basins

The NWT has huge oil and gas potential. Most of the NWT is located within the Western Canada Sedimentary Basin and the Arctic Sedimentary Basin, and these areas are under explored. The map to the left depicts the Canadian sedimentary basins and the NWT borders.

Professional, Scientific and Technical Services - GDP Contribution



Source: NWT Bureau of Statistics and Conference Board of Canada

This sector includes establishments primarily engaged in activities in which human capital is the major input. The main components include legal services, accounting, architectural, engineering and related services industries, surveying and mapping services, design services, management, scientific and technical consulting, scientific research and development and advertising services.

Conference Board Forecast

There is significant opportunity to expand this industry within the NWT as $252 million in professional services are imported from other regions of Canada.

The Conference Board of Canada expects professional, scientific and technical services to grow by 16 per cent between 2013 and 2018.

Professional, Scientific and Technical Services - GDP Contribution

Professional, scientific and technical services contributed approximately three per cent of the GDP in 2013.

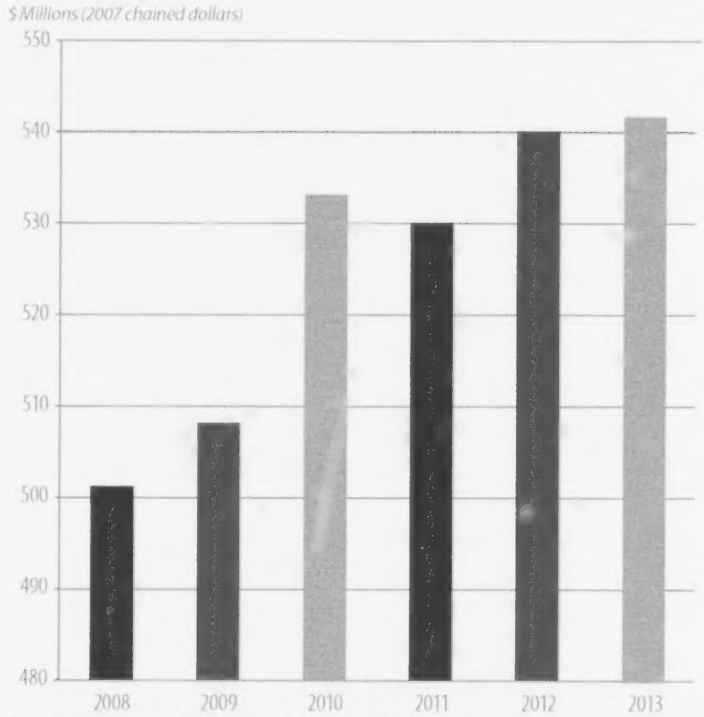
Professional, Scientific and Technical Services

Source: NWT Bureau of Statistics

Public Administration and Defence - Contribution to GDP

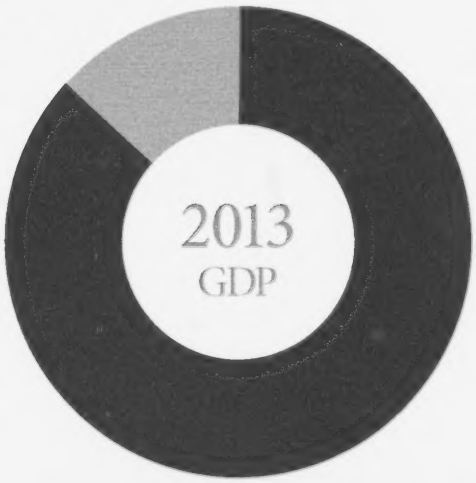
This sector involves government institutions. The sub-sectors included in this industry are federal government public administration and territorial public administration, local, municipal and regional public administration, and Aboriginal public administration.

Forecast
Devolution and self government will likely stimulate significant growth within the industry.



Source: NWT Bureau of Statistics and Conference Board of Canada

Public Administration and Defence - Contribution to GDP

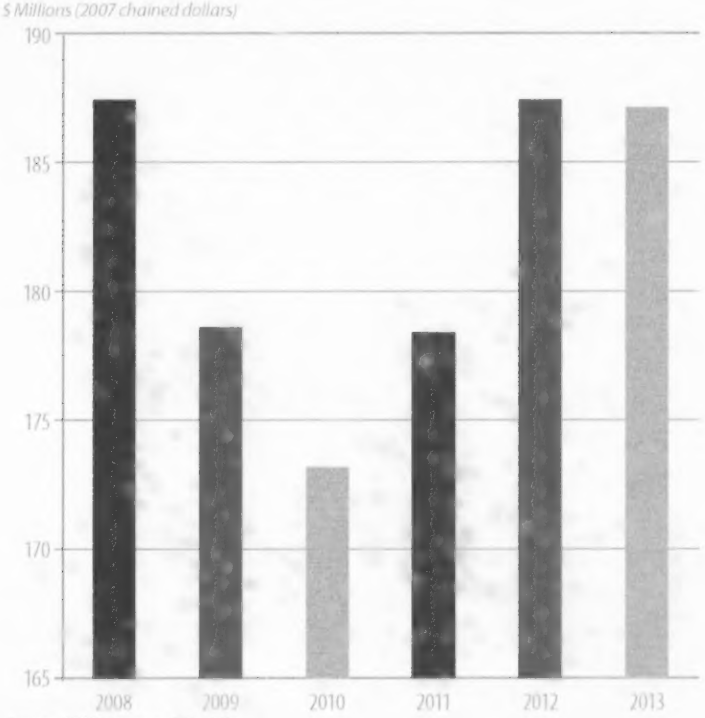


Public administration and defence accounts for over 16 per cent of the NWT's GDP. While industry activity is expected to increase, its overall share of GDP is expected to decrease in relation to new mineral development, dropping to 13 per cent in 2018.

Public Administration and Defence Services

Source: NWT Bureau of Statistics

Retail Trade - Contribution to GDP



Source: NWT Bureau of Statistics

This sector comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The future of retail trade is linked to growth in household incomes, which in turn depends on employment growth, especially in the resource industry.

Conference Board Outlook
According to the Conference Board of Canada's forecast, between 2013 and 2018 we can expect growth of 25 per cent in retail trade.

Retail Trade - Percentage of GDP

Retail trade currently accounts for five per cent of GDP. Projections by the Conference Board of Canada indicate retail trade will keep pace with the increased level of economic growth. It is expected industry growth will be stimulated by new mines and their impact on family income, employment and population growth.

Retail Trade

Source: NWT Bureau of Statistics

Tourism Visitors by Segment

Main Purpose of Travel	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Aurora Viewing	7,000	7,297	5,460	5,400	6,776	11,368	15,721
Fishing	7,726	7,470	7,274	6,403	4,956	4,692	3,975
General Touring	13,340	15,123	14,760	14,500	12,920	13,441	15,226
Hunting	1,216	984	942	757	436	478	502
Outdoor Adventure	2,079	2,125	2,098	1,853	1,910	2,320	3,085
Visiting Friends & Relatives	9,025	11,693	9,261	12,910	13,403	11,847	13,811
Total Leisure Visitors	40,386	44,692	39,795	41,823	40,401	44,146	52,319
Business Travel	35,509	34,880	33,624	26,181	24,795	24,272	24,092
Total Visitors	**75,895**	**79,572**	**73,419**	**68,004**	**65,196**	**68,418**	**76,411**

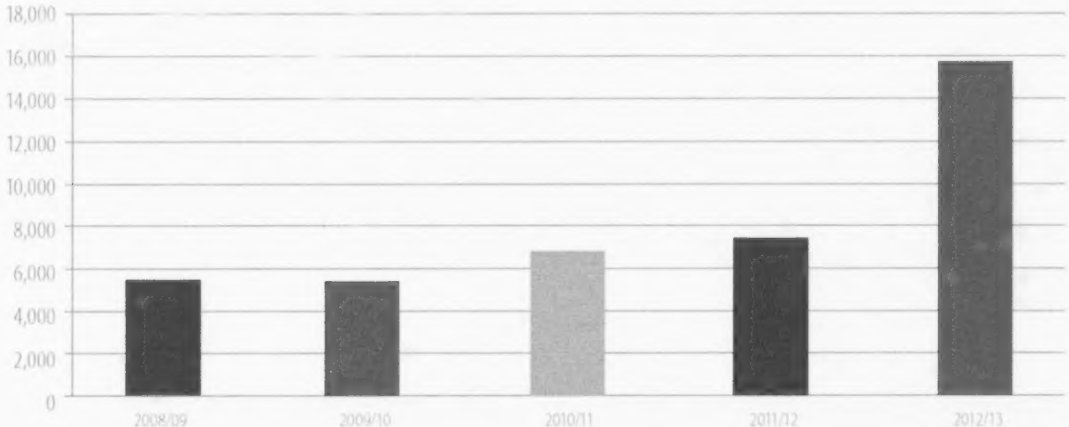
Source: GNWT ITI

Tourism is the largest renewable resource based industry in the NWT. Within the economy, it is considered an export as it brings new dollars into the NWT and generates employment for many northerners. The travel and tourism industry is competitive, and can be affected by economic global downturns.

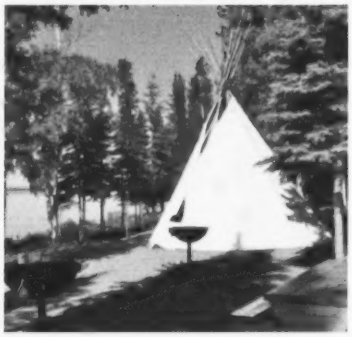
Through the delivery of ITI's tourism support programs, significant progress has been made in developing tourism skills, improving research, building public and private tourism infrastructure, creating new NWT tourism products and expanding recognition of the NWT as a travel destination.

Travelers come to the NWT for a variety of reasons, but typically fall into one of seven segments; Aurora Viewing, Outdoor Adventure, Fishing, Hunting, General Touring, Visiting Friends and Relatives and Business Travel. Since May 2009, Air Canada, Canadian North, First Air and WestJet have provided regular flights from Yellowknife to Edmonton. The introduction of a new Air North direct connection to Ottawa and Whitehorse offers opportunities to expand market access in both Ontario and the Yukon.

Aurora Visitors



Source: GNWT ITI

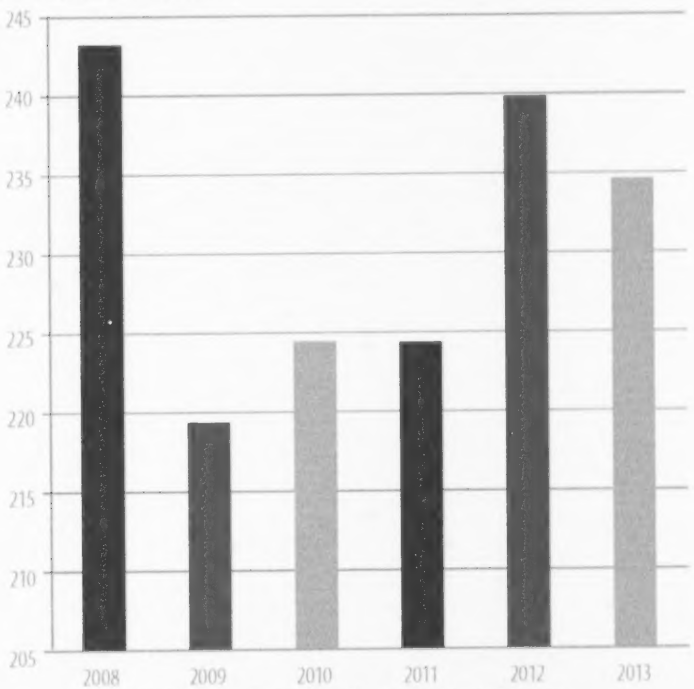


Top: Dehcho / Shutterstock
Bottom left: Float Plane / Shutterstock
Bottom right: Sahtu Park / Mark Patrick

TRANSPORTATION AND WAREHOUSING

Transportation and Warehousing - Contribution to GDP

$ Millions (2007 chained dollars)



Source: NWT Bureau of Statistics and Conference Board of Canada

Transportation and warehousing is a large industry within the NWT, accounting for seven per cent of total GDP. This sector comprises establishments primarily engaged in transporting passengers and goods, warehousing and storing goods, and providing services to these establishments. The modes of transportation are road (trucking, transit and ground passenger), rail, water, air and pipeline. Post offices and courier establishments are also included in this sector.

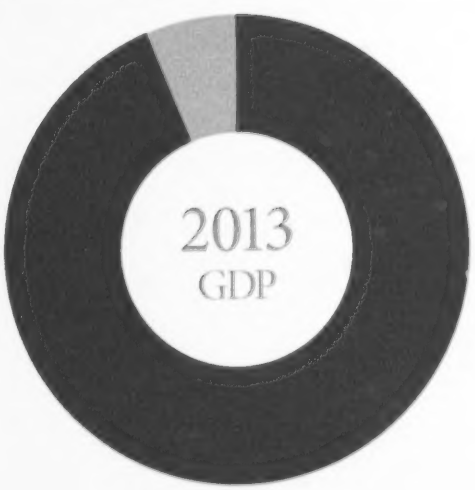
Conference Board Forecast
Between 2013 and 2018 the Conference Board of Canada predicts that transportation & warehousing will grow by approximately 25 per cent.

Transportation and Warehousing - Percentage of GDP

Transportation and warehousing accounts for around sseven per cent of the NWT's GDP, and is critical for the supply of other sectors within the economy.

Transportation and Warehousing

Source: NWT Bureau of Statistics



Top: ITI Bill Braden
Bottom left: ITI Bill Braden
Bottom right: Hay River Mall / Dan Westman

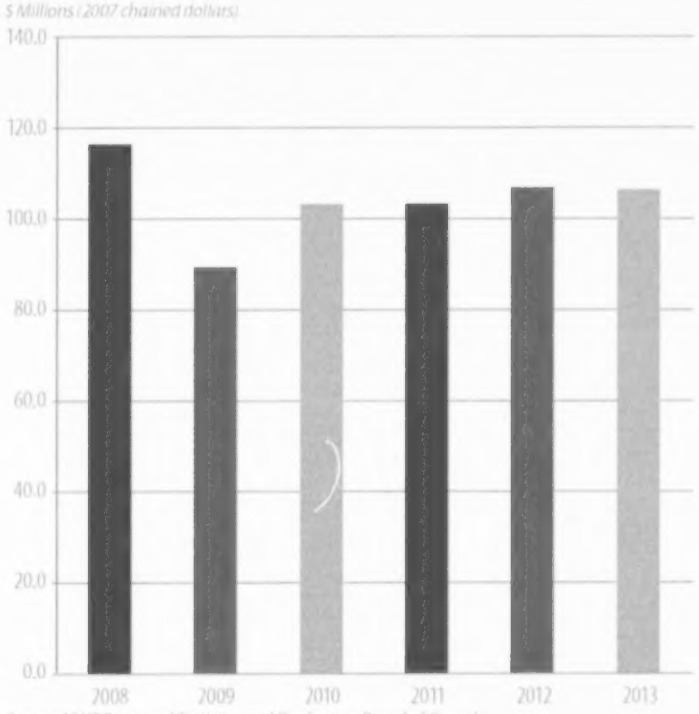
WHOLESALE TRADE

Wholesale Trade - Contribution to GDP

This sector comprises establishments primarily engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The wholesaling process is an intermediate step in the distribution of goods. Many wholesalers are organized to sell merchandise in large quantities to retailers, and business and institutional clients. However, some wholesalers, in particular those that supply non-consumer capital goods, sell merchandise in single units to final users.

Conference Board Forecast
According to the Conference Board of Canada, wholesale trade is expected to grow by 24 per cent between 2013 and 2018.

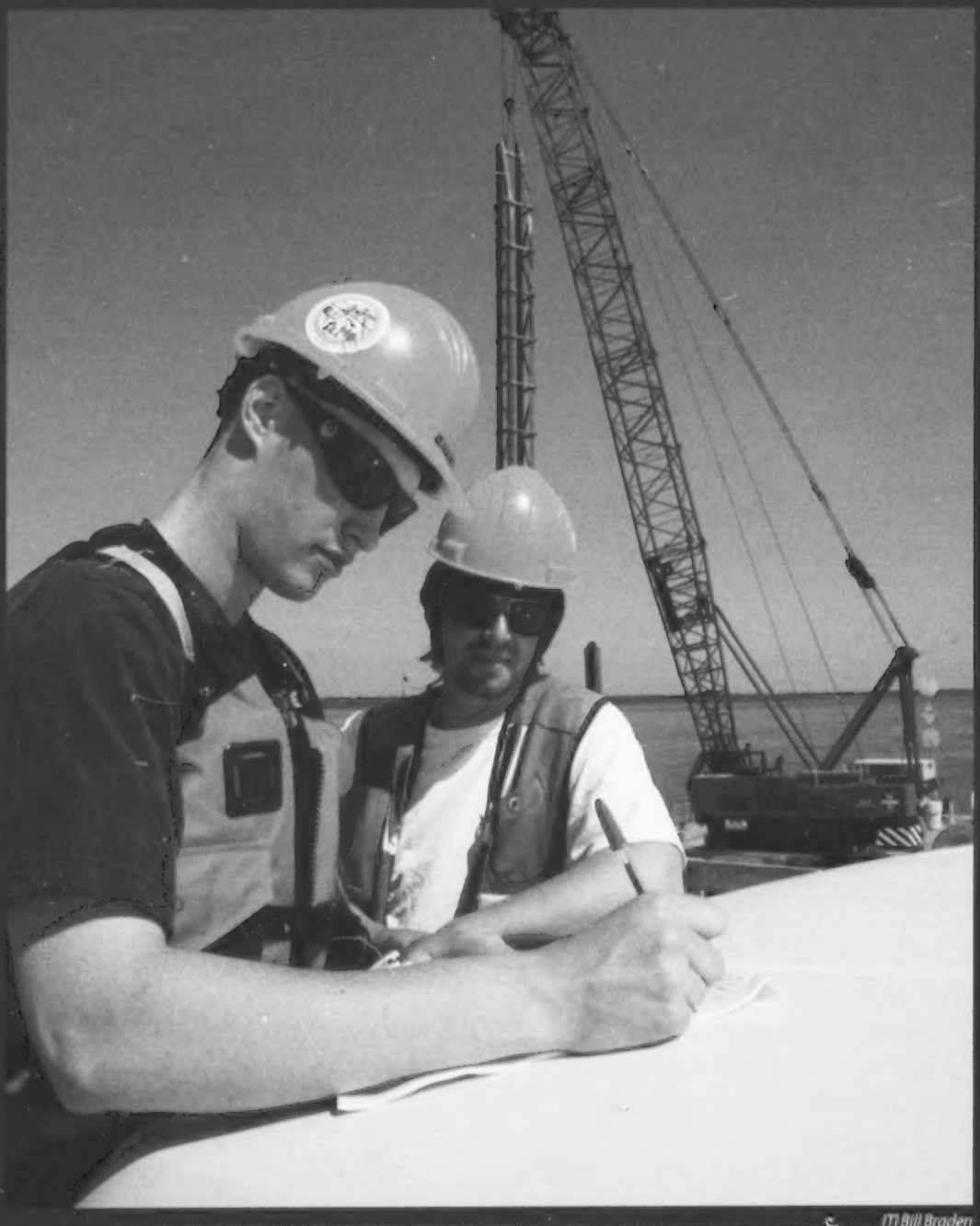


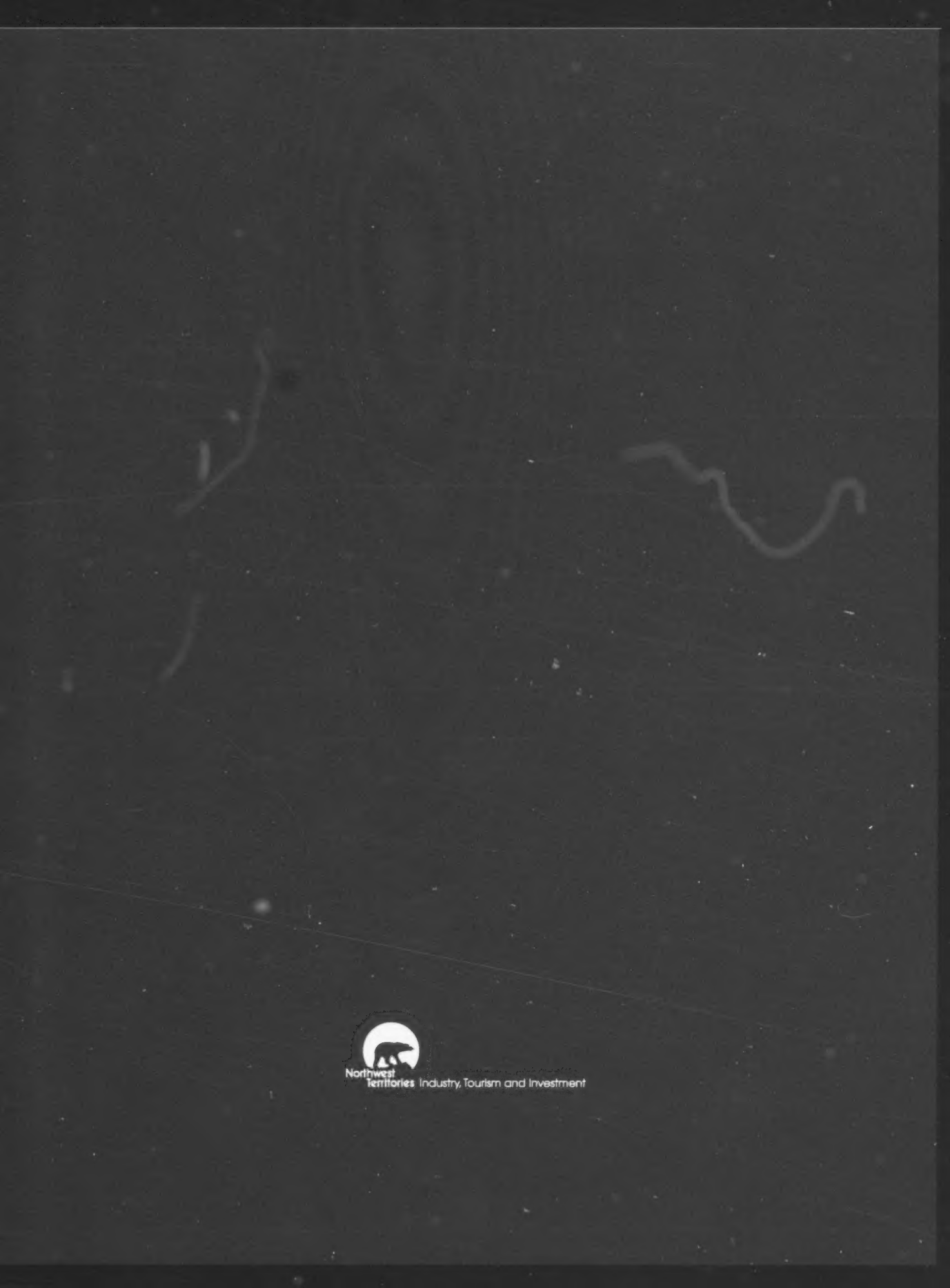
Source: NWT Bureau of Statistics and Conference Board of Canada

Wholesale Trade - Percentage of GDP

Wholesale trade accounts for around three per cent of the NWT's GDP, but with the development of new mineral projects and projected population growth, its share is expected to increase.

Wholesale Trade
Source: NWT Bureau of Statistics


© Bill Braden



Northwest Territories Industry, Tourism and Investment